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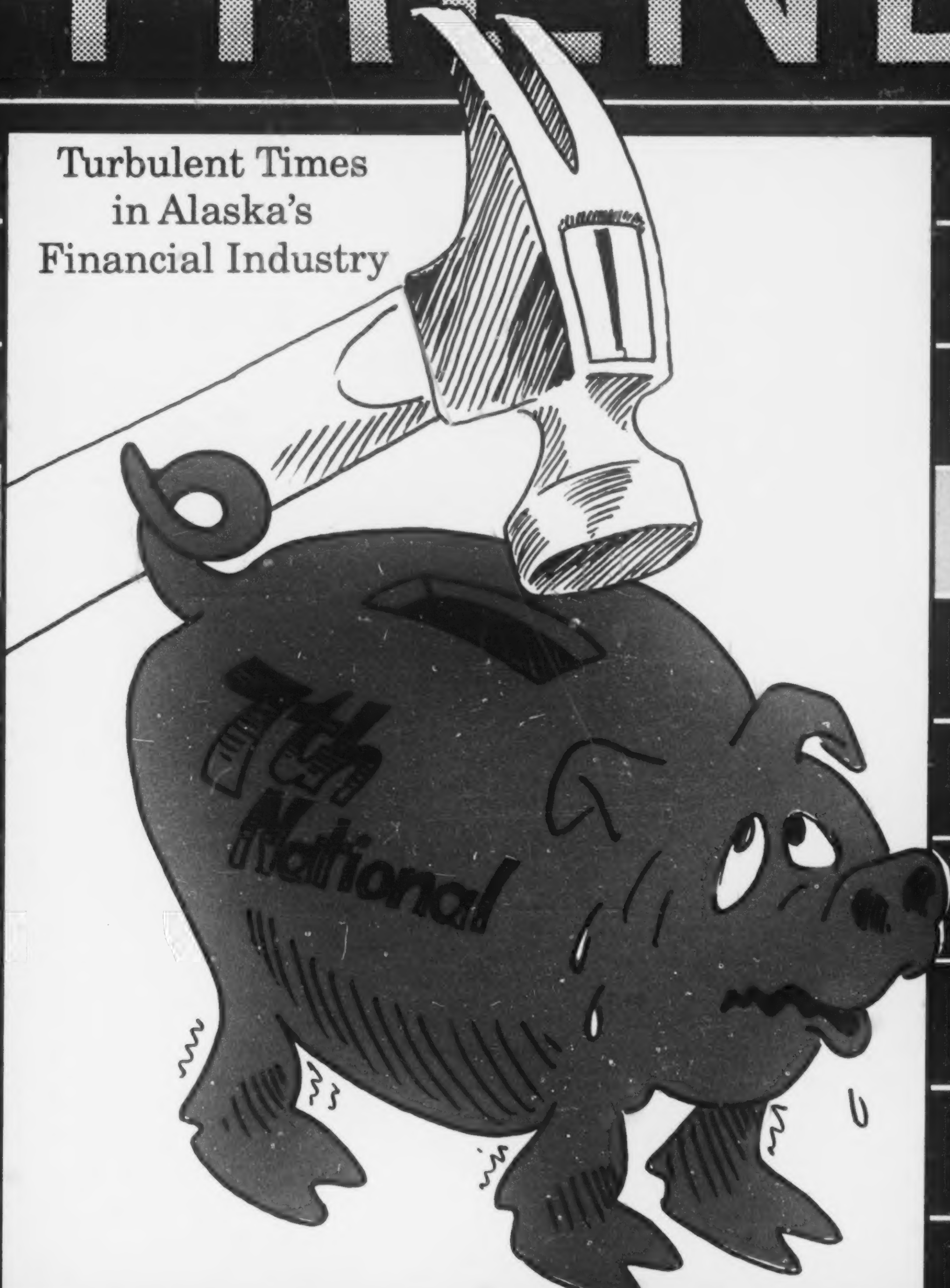
ALASKA ECONOMIC TRENDS

November 1988

Turbulent Times in Alaska's Financial Industry



Alaska's Entrepreneurs

Alaska's Employment Scene

Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

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P/ Denotes preliminary estimates

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Turbulent Times in Alaska's Financial Industry

By Neal Fried and Holly Stinson

Until recently, Alaska's financial industry operated quietly behind the state's economic scene. Often considered a conservative and heavily regulated industry, it rarely garnered much public interest or media attention. But in early 1986, when Peninsula Savings and Loan failed, the spotlight began to shine on the industry. The shine quickly turned into a glare, when later that year Security National Bank failed. This was the first bank in Alaska's post-depression history forced to close its doors. The number of casualties continued to climb, reaching a total of nine this past August when Alaska Continental Bank shut down. More front page news on the industry is sure to come.

This review of Alaska's financial industry will do more than report its troubles. The discussion will be limited to banks, saving and loans and credit unions — the regulated side of the industry. Discussed will be how these institutions operate differently and similarly; what deregulation has meant to this industry; how Alaska's financial industry compares with the national scene; what the industry's trends have been over the past nine years; and finally a look at why the industry has fallen on hard times.

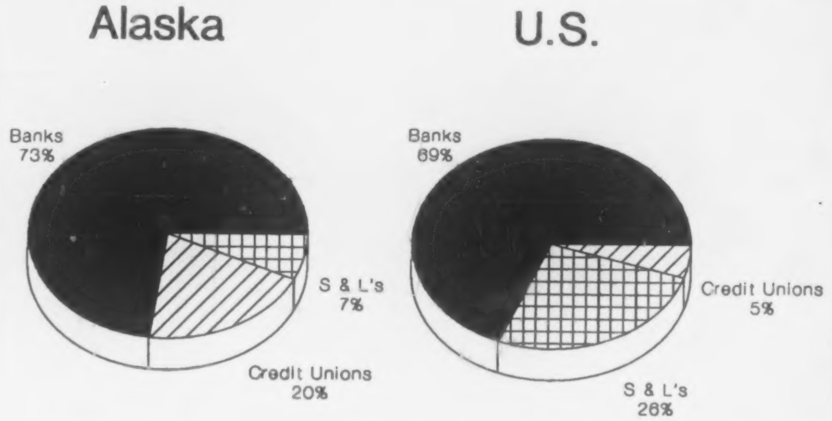
Before deregulation, it was easy to know who did what in the money game

Who The Players Are

Before deregulation of the financial services industry began in 1980, it was easy to know who did what in the money game. Rules had been in place since the Depression which drew strict lines between the players. Commercial banks were the only type of financial institution that existed "for doing business." They handled business and consumer deposits and made loans on residential and commercial property. Savings and loan associations were strictly what their name implied- they handled savings accounts and made loans, almost exclusively home mortgage loans. Credit unions were nonprofit cooperatives, unique in the financial sector, operating on the one-member, one-vote principle. They existed primarily to make consumer loans. Banks could loan for home mortgages and S&Ls could make consumer loans, but the primary purposes of the three types of institutions were separate and distinct from each other.

Since in 1980, federal legislation has allowed some deregulation of the financial industry in gradual steps. A major impetus for deregulation came from bankers. New players such as stockbrokers had entered the game, and they were offering new financial instruments such as money market and NOW accounts. To survive, banks needed to become more competitive. Ceilings on interest rates - both charged on loans and paid on deposits - have been phased out with deregulation. Intrastate branching and interstate banking are now allowed in most states.

Figure 1
Market Share of Deposits by Institution
Alaska and U.S.-1987



In Alaska commercial banks have over 70% of deposits

Savings and loans can and usually do offer services traditionally handled by commercial banks; credit unions make home mortgage loans and offer transaction accounts. The lines dividing the various institutions have become blurred, almost indistinct in some cases.

How the Pie is Sliced

Commercial banks have the largest share of the market, both nationwide and in Alaska. In Alaska banks have over 70% of deposits (Figure 1). Included in this 70% are the deposits of the lone savings bank (Mt. McKinley in Fairbanks) and, before changing to a commercial bank in 1982, Alaska's only other savings bank (Alaska Mutual Savings Bank in Anchorage).

Savings and loan associations nationwide have about half the assets of banks. In Alaska their market share is much smaller. Total deposits in Alaskan S&Ls in 1987 were $377 million, less than one-tenth of the deposits in commercial banks. Unlike the rest of the country where S&Ls rather than banks have made the majority of home mortgages, in Alaska the opposite is true.

Credit unions have a small market share nationwide but have a more significant role in the Alaskan financial picture. In June 1987 deposits in all credit unions in the U.S. totaled over $160 billion, small potatoes compared to commercial banks' almost $2 trillion in deposits. But in Alaska credit unions had over $1.1 billion, a 20% share, of a

Table 1
Assets of Alaska's Banks
(millions of dollars as of June 30)

	1980	1981	1982	1983[1]	1984	1985	1986	1987	1988
Alaska Bank Of Commerce[2]	$168.5	$196.8	$294.9	—	—	—	—	—	—
Alaska Continental Bank[3]	—	—	—	$ 29.6	$ 44.9	$ 51.0	$ 57.7	$ 54.6	$ 51.5
Alaska Mutual (Savings) Bank[4]	208.3	214.7	337.6	452.6	572.9	705.3	839.9	609.0	—
Alaska National Bank of the North[5]	250.6	262.4	266.0	304.6	299.3	328.4	305.6	228.2	—
Alaska Pacific Bank[6]	105.6	113.9	152.8	132.9	236.0	288.6	338.8	387.3	—
Alaska Statebank	102.4	113.0	116.5	160.6	178.1	166.9	161.1	131.0	109.2
Alliance Bank[7]	—	—	—	—	—	—	—	—	1,063.3
B.M. Behrends Bank	49.1	49.1	56.9	64.9	69.0	65.7	61.0	66.6	61.6
Denali State Bank[8]	—	—	—	—	—	—	14.5	23.9	31.7
First Bank (of Ketchikan)	67.5	76.2	73.7	109.0	102.9	129.1	146.1	156.0	159.0
First Interstate (franchise)[9]	—	—	—	394.0	425.6	398.7	394.9	359.4	—
First National Bank of Anchorage	477.2	563.5	578.4	651.0	604.6	675.1	699.2	801.2	885.9
First National Bank of Fairbanks[10]	80.9	93.1	107.6	152.9	172.3	207.4	219.6	219.8	—
Key Bank	—	—	—	—	—	—	—	—	569.0
Mt. McKinley Mutual Savings Bank	61.0	58.2	69.5	74.7	81.5	76.1	77.0	81.0	88.2
National Bank of Alaska	579.7	700.3	833.5	1,021.6	971.6	1,084.8	1,118.6	1,220.8	1,565.9
People's Bank & Trust[11]	46.9	49.7	55.3	74.4	—	—	—	—	—
Rainier Bank of Alaska	--	—	—	—	77.5	96.5	129.8	145.8	144.3
Security National Bank[12]	22.7	16.3	28.1	39.8	48.6	48.0	43.0	—	—
United Bank of Alaska[13]	111.0	121.7	158.7	284.8	342.1	412.8	471.0	332.4	—
United Bank of Alaska, Southeastern[14]	—	—	—	—	—	63.8	62.2	53.3	—
Total	2,331.5	2,628.9	3,129.4	3,997.2	4,226.8	4,798.3	5,440.0	4,870.5	4,729.7

Source: Division of Banking and The Anchorage Daily News.

1 As of Sep. 30.
2 Became 1st Interstate in Sep. 1983.
3 Chartered in 1982; closed and acquired by 1st Interstate in Aug. 1988.
4 Became a commercial bank 1982; merged with UBA to form Alliance in Dec. 1987.
5 Closed in Oct. 1987.
6 Purchased by Key Corp. in April 1985.
7 Formed by a merger of UBA & AMB in Dec. 1987.
8 Chartered in Feb. 1986.
9 Closed in Dec. 1987.
10 Purchased by Alaska Pacific Bank Co. in 1977; became Key Bank in Oct. 1987.
11 Acquired by Rainier in Aug. 1983.
12 Closed in Oct. 1986.
13 Merged with AMB to form Alliance in Dec. 1987.
14 Merged with Alliance in Jan. 1988.

the $5.5 billion in deposits.

Why do credit unions have such a large market share in Alaska? Alaska has a high percentage of federal government employment, both military and civilian, and those government employees contribute to the large percentage of credit union members in the state. The first credit unions in Alaska were formed in the 1940s by employees in the timber industry in Southeast Alaska and civilians at Elmendorf Air Force Base near Anchorage. The credit union started at Elmendorf has grown into Alaska USA, third-largest in the country.

Regionally, Anchorage is clearly the financial center of the state with almost $4 billion in total deposits in 1987 (Figure 2). Deposits in Southeast Alaska in 1987 were almost $700 million, including Juneau's $267 million, while Fairbanks had close to $500 million in deposits. What skews this picture is the fact that many large transactions - both deposits and loans - are handled in the Anchorage-based headquarters of a bank, rather than the community's local branch.

Anchorage is clearly the financial center of the state

Watchdogs of the Industry.

All three types of financial institutions have a choice of being state or federally chartered; the charter then dictates whether a state or federal government agency regulates operations. Federal charters are obtained from the Comptroller of the Currency for banks, the Federal Home Loan Bank Board for S&Ls, and the National Credit Union Association for credit unions.

The Federal Deposit Insurance Corporation (FDIC) insures deposits in banks; the Federal Savings & Loan Insurance Corporation (FSLIC) is the corresponding federal insuring agency for savings and loans, and the National Credit Union Share Insurance Fund (NCUSIF) for credit unions. Federally-chartered institutions' membership in the federal insuring agencies is mandatory. State-chartered institutions' membership is often optional though some states mandate membership. To the consumer, though, there is not much difference in who charters the institution, the important thing is that deposits are insured.

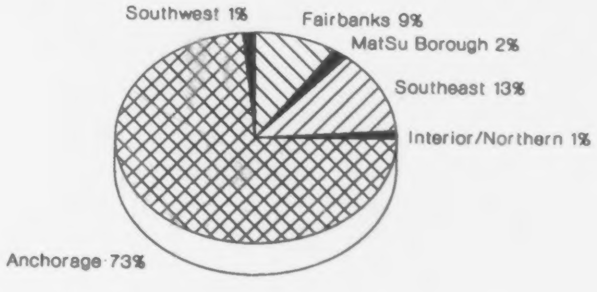
The FDIC, FSLIC, and NCUSIF are independent federal agencies which receive operating money by charging a premium, a percentage of their deposits, to member institutions. Recent headlines have described huge amounts of money FSLIC has spent "bailing out" troubled S&Ls. Estimates of what it will cost to solve the problems in the S&L industry range from $30 to 100 billion, figures which FSLIC alone will probably not be able to cover.

Deregulation Changes the Picture.

A major change caused by deregulation has been in the amount of operating money institutions generate. Banks, S&Ls and credit unions all work on the same principle: take in Customer A's money for safekeeping, and lend it to Customer B; charge customer B a higher rate for using the money than you give Customer A for depositing money, and use the funds generated by the difference to operate. This "spread", along with money earned on investments, constitute income for the institution.

Assets include loans made to individuals and businesses. Though a loan may not seem to be much of an

Figure 2
Deposits by Region 1987



Source: Sheshunoff Information Svc Inc

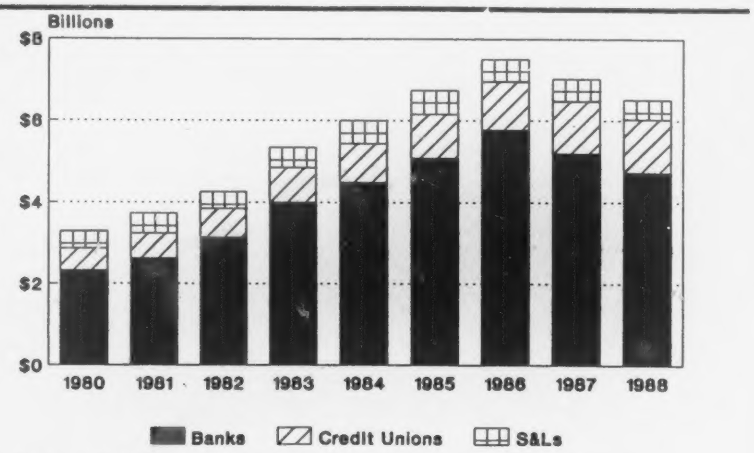
The deposit to loan ratio of Alaskan banks varies greatly, from less than 50% to over 70%

asset to the lay person, loans are the bread and butter of the industry. Bankers talk about a "deposit to loan ratio" which simply means the percent of deposits which they turn around and loan out in the local community, with the accompanying risk, rather than investing in securities. The deposit to loan ratio of Alaskan banks varies greatly, from less than 50% to over 70%. That is, some banks reinvest heavily in the local community by making loans; others take in money from a community as deposits but play it safe by investing in securities rather than local loans. This practice earns money for a bank, but some believe it is not helping their community as much as a bank with a high deposit to loan ratio.

Since ceilings on interest rates were lifted, and the competition for savings and transaction accounts was expanded to include S&Ls, credit unions and "nonbanks" such as Merrill Lynch and Sears, the difference between interest earned and interest paid has narrowed. The narrowing or actual disappearance of the "spread" has caused many of the failures in the financial industry in the 1980s.

Perhaps the greatest impact of deregulation on the banking industry is the additional competition from S&Ls, credit unions, and "nonbanks" which can now offer many of the same services once the exclusive province of commercial banks. For example, car loans are now often made through financial institutions affiliated with the automotive industry, and higher balance transaction and savings accounts are often transferred to a "nonbank" type of institution which offers a better interest rate.

Figure 3
Assets of Alaska's Financial Institutions



Sources: Banks—Division of Banking. S&L's—Federal Home Loan Bank Board.
Credit Unions—Alaska Credit Union League. 1988 is estimated.

While banks in Alaska have been allowed to have branches in various areas within the state since territorial days, intrastate branching was not allowed by most states. Federal law prohibited banks from branching across state lines (unless allowed by state law), so banks generally did not have a large geographic spread. This meant that banks were tied to one area, and when the area suffered an economic recession, so did the bank.

Deregulation, however, changed the industry and geographic restrictions on interstate banking were lifted by many states. While some states place limits on interstate banking, Alaska is one of the few states with no restrictions. The ability to operate in more than one state has given banks the opportunity to expand their geographic spread and therefore minimize their risk. Across the nation small banks have been gobbled up by larger banks through mergers and acquisitions. A Touche-Ross survey in 1986 of 355 bank executives across the nation predicts that the number of banks will be cut in half by the mid-1990s.

Contrary to expectations, when restrictions were lifted on interstate banking Alaska did not experience an influx of large banks eager to expand into the state. The market in Alaska was just too small to interest many outside investors. The exceptions are Rainier's purchase of People's Bank in August 1983, Key Corporation's purchase of Alaska Pacific Bank in April 1985, and First Interstate's recent purchase of Alaska Continental Bank.

Deregulation Impacts S&Ls and Co-ops.

In the past, savings and loan associations had two advantages over commercial banks. Federal law allowed S&Ls to pay a 1/4% higher rate of interest on deposits, and most of the S&Ls were nonprofit corporations which only had to break even, rather than trying to make a profit for shareholders. While deregulation allowed them to offer more services and therefore become more competitive with banks, deregulation also took away one of their advantages by lifting the ceilings on interest rates.

Savings and loans traditionally were often squeezed by their very nature of "funding short and lending long", i.e. taking in time deposits for relatively short periods, where the interest rate can vary greatly, and lending out money for mortgages over a long period of time (up to 30 years) at a fixed interest rate. When a savings and loan pays a higher interest rate on deposits than it receives on loans, the "spread" to operate on not only disappears, but becomes a negative number.

The current problems in the S&L industry nationwide have been well publicized. Since deregulation S&Ls have acquired additional difficulties besides the traditional one of interest rate differentials. A variety of reasons have been given for what is now being called the crisis in the S&L industry, ranging from growth that was too fast, management that was inadequate or questionable, and poor supervision from regulatory agencies that couldn't keep up with the rapid expansion of the industry.

The age of deregulation has seen Alaska's already small number of S&Ls shrink even more, from six in 1980 to three in 1988. Arctic Savings and Loan in Fairbanks merged with First Federal of Anchorage in 1981. Peninsula Savings & Loan, whose offices were all located on the Kenai Peninsula, was closed in August 1986, followed by Frontier Savings and Loan in Fairbanks in June 1987.

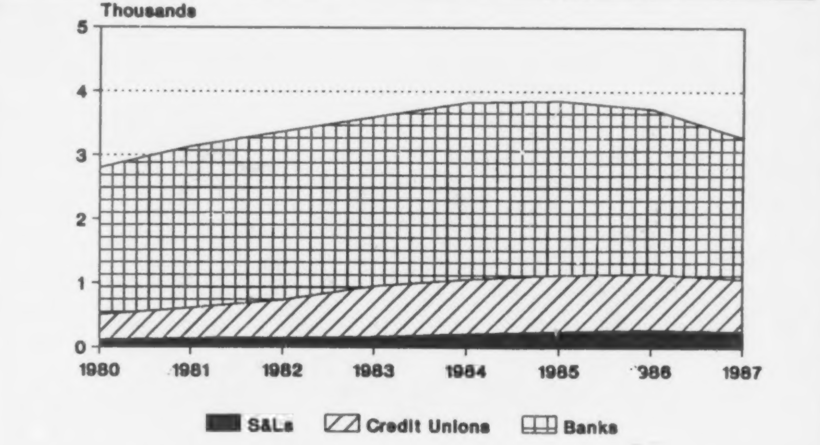
Deregulation also changed the scope of services offered by credit unions, just as it did with banks and S&Ls. Originally existing for consumer loans and savings deposits (like S&Ls, credit unions could legally offer a higher interest rate than banks), today credit unions often deal in mortgages, transaction accounts and various money market accounts.

Membership in credit unions is limited to people with a "common bond" (such as employer or trade association) or geographic location. The definition of "common bond" was broadened with deregulation; in 1988 every Alaskan is technically eligible to join at least one credit union. An important advantage that credit unions have always enjoyed over banks and S&Ls is their nonprofit status, credit unions do not pay any state business taxes or federal income taxes.

The number of credit unions in Alaska has shrunk, as have the number of banks and S&Ls. But some of the mergers and acquisitions in the credit union sector of the industry can be traced to a reason other than shaky financial health — when a business fails or is bought out, any associated credit union must either find another credit union to merge with or cease to exist.

When a savings and loan pays a higher interest rate on deposits than it receives on loans, the "spread" to operate on disappears

Figure 4
Employment in Alaska's Financial Industry



Source: Alaska Department of Labor

The Industry Prospers 1980-1985.

In today's economic environment it is sometimes hard to remember that Alaska's financial industry enjoyed many more profitable years than lean years. The last period of major expansion for the industry took place from 1980 to 1985. During this time, Alaska's economy grew at an annual clip of 6%; the financial industry was one of the primary beneficiaries of this boom. Businesses and individuals needed to borrow to expand or start new businesses, and to buy homes, cars, and large consumer items. Alaska's financial institutions responded generously — some people say too generously.

A 58% increase in the value of OREOs held by banks was one sign of an impending crisis

Bank assets in the state more than doubled from 1980 to 1985 (Figure 3). Credit union assets more than doubled. Assets of S&Ls also climbed. In comparison, bank and credit union assets nationwide grew 46% and 63% respectively. Growth in Alaska's bank assets was accompanied by a corresponding growth in deposits. Total bank deposits grew almost as rapidly as assets, from $2 billion to $4.2 billion.

The bank with the most phenomenal growth was Alaska Mutual. Their assets more than tripled, growing from the fourth largest bank in 1980 to the second largest in 1985 (Table 1). As one of the most aggressive lenders in the market, its loans grew from $94 million to $503 million during the same period. Profits more than doubled in three years, climbing to $8.6 million in 1985. The state's largest bank, National Bank of Alaska, nearly doubled their assets from 1980 to 1985, putting them in the billion dollar league. Even Home Savings Bank, a small savings and loan, saw their assets grow from $17.1 million to $77 million. The Alaska financial industry was on a roll.

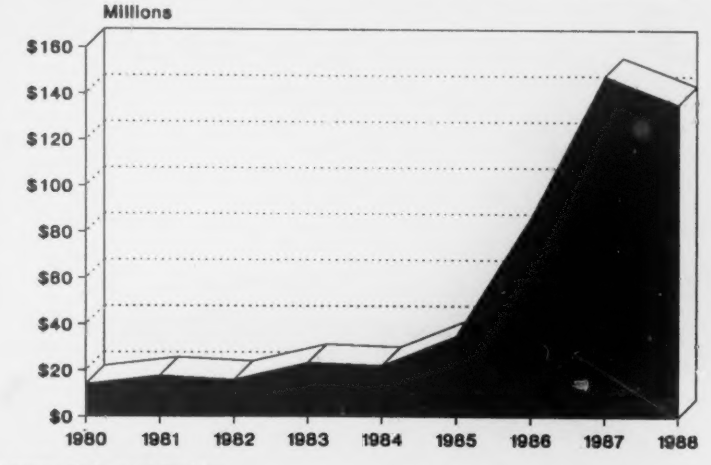
The number of banks climbed from 14 in 1980 to a high of 16 in 1984. Surprisingly, the number of credit unions actually fell slightly because of a wave of mergers. Employment in all of the institutions grew dramatically (Figure 4). Employment at the banks grew by 37% and S&L and credit union employment more than doubled. Other financial institution indicators confirm the incredible growth this industry experienced. Profits grew; two of Alaska's banks were among the most profitable in the nation. These were heady times for Alaska's financial industry, and it was hard to find anything conservative about them.

Signs of Weakness.

In 1985 the economy appeared relatively sound. The economy was slowing down, but it was still growing. Oil prices were above $20 a barrel. Most economic forecasts predicted the economy would turn sluggish but would continue to eke out some growth. Asset and demand deposit growth remained exceptionally strong. Weakness in the real estate market had become clear; however, many people believed it was only because builders were getting ahead of the demand and not because a permanent surplus was being constructed. A number of institutions began to tighten up their real estate lending requirements. Though problems with some of the banks were becoming apparent to many in the financial community, there was little word of it on the street.

Symptoms of ill financial health in some of the institutions began to show up in the statistics in 1985. A 58% increase in the value of OREOs (other real estate owned) held by banks was one symptom (Figure 5). OREOs basically translate into real estate loans gone bad, with the banks left holding the property. These figures

Figure 5
Other Real Estate Owned (OREOs) by Alaska's Banks



Source: Division of Banking

are understated for two reasons. A large share of the OREOs are held by outside banks that don't have to report to state banking authorities, and a number of Alaska banks, that are held by bank holding companies, shift their OREOs over to their holding company, which has no reporting requirement. The profit picture was also sliding for most of the banks. Security National Bank was the only bank that was in obvious trouble. It was operating with large losses. There were still a few investors in Fairbanks who felt bullish enough about the economy to open a new bank in 1986, Denali State Bank.

Financial Institutions Begin to Fail.

The watershed year for many of the state's financial institutions was 1986. One of the worst recessions in the state's history began to grip the economy. It was not the typical recession of the past; it would be deeper, broader and longer. An increasing number of businesses could no longer keep up with loan payments and many went bankrupt. During better economic times financial institutions could often recoup a large share of their loan losses by taking possession of the borrowers' collateral and selling it. In Alaska, the collateral was often real estate, which had lost much of its value. A combination of the growing number of nonperforming loans and the loss in value of real estate threw many of the state's financial institutions up against the ropes.

The Alaska Teamsters Federal Credit Union became the first casualty when federal regulators took it over and later merged it with another credit union. The next casualty was Peninsula Savings and Loan based out of Soldotna. Then the first bank failed when Security National Bank was shut down by federal regulators. Within a five month period all three varieties of Alaska's regulated financial institutions had been hit: credit unions, savings and loans, and banks. The list grew to five by year-end. It quickly became obvious that these were not isolated cases, but instead marked the beginning of extremely trying times for the industry.

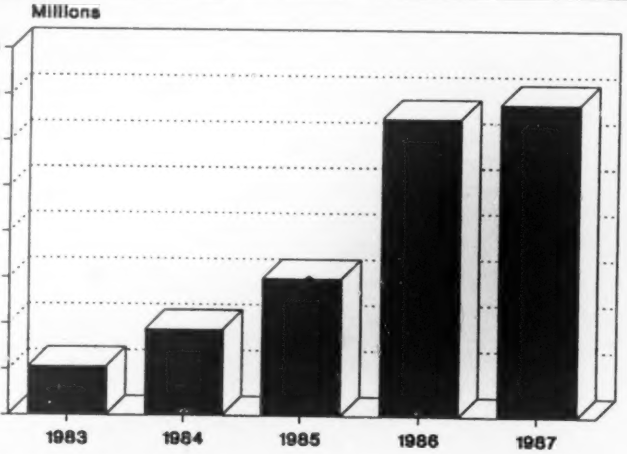
By 1986 more than half of the banks and all of the S&Ls were losing income. The value of nonperforming loans for banks climbed to $325 million (Figure 6). OREOs doubled to $87 million. The FDIC moved into Alaska in full force. Credit union membership began to fall for the first time. The overall picture would only worsen.

The next year, 1987, proved to be a disaster for a growing number of financial institutions in Alaska. Five hundred and fifty jobs were lost in this industry in 1987. OREOs hit a record high of $148 million. Total assets and deposits for banks and S&Ls fell in 1987. Loans would fall even harder. Liabilities of two banks grew larger than their assets, which meant they were operating with a negative net worth- they were insolvent. The number of troubled S&Ls in the country grew dramatically in 1987 and Alaska was no exception. The state's S&Ls lost $39.5 million in net income, which stacked up to be the largest negative rates of return in the nation. One more savings and loan and four more banks were either shut down or merged by federal regulators during 1987; of these the most spectacular involved the state's second largest bank, Alaska Mutual.

Two days before the end of the year federal regulators merged Alaska Mutual Bank with another troubled bank, United Bank of Alaska, to create Alliance Bank. Combined, these banks lost $71 million in 1986 and another $231 million in 1987. They were merged instead of being shut down because given the size of their assets some people

In 1986 the value of nonperforming loans for banks climbed to $325 million

Figure 6
Nonperforming Loans of Alaska's Banks



Source: Sheshunoff Information Ser. Inc.

believed their collapse would reverberate throughout the state's economy and cause irreparable harm. In the longer run it was calculated to be cheaper for FDIC to bail them out than to let them fail. It cost FDIC $295 million and a private investment group an additional $65 million (which has been 90% guaranteed by FDIC) to recapitalize the newly formed Alliance Bank. Early the next year United Bank of Alaska-Southeast was also merged into Alliance, temporarily creating the state's largest bank.

The failures did not end in 1987, but continued to climb by two more in 1988. Additional failures are predicted for the upcoming 12 months. A number of banks and saving and loans are operating with primary capital reserves below the 5-6 percent level recommended to cover possible losses and protect deposits. For example, Alaska Statebank recently reported they are operating with primary capital reserves of less than one percent of assets. Some of these institutions are also operating with negative net worth. Regulators usually don't allow a condition like that to last long.

Everyone agrees that caution will prevail for many years in this industry

The Railbelt Hit Hardest

All but one of the failures or mergers in the industry have taken place along the railbelt, which has felt the brunt of the recession. Eight institutions were headquartered in Anchorage, two in Fairbanks and one in Soldotna. If they did have branch operations, their branches were usually concentrated in the railbelt. In contrast, there has been one merger in Southeast Alaska, where the economy has remained relatively healthy. Some of the larger banks, headquartered in Anchorage but with branches throughout the state, were also helped by having this geographic diversity.

Why So Many Failures?

Since the Great Depression no financial institution had failed in Alaska, and during just the past year there have been six in banking alone. Why so many failures? There is no doubt that poor management was responsible for some of these failures. This may be particularly true for the earlier failures, where problems began prior to the recession. Some people believe that all of the failures were a result of bad management. If these institutions had not been as eager to grow as fast as they did, and had been more careful screening loans and developing a strong deposit base, they might not have failed. There are institutions that followed this credo and are presently performing quite well.

But it is also true that the severity of the recession was not anticipated by anyone. Some argue, given these extenuating circumstances, that even well-managed institutions might not survive. Banking and S&L failures nationwide are concentrated in economically stressed oil producing and agricultural states. Deregulation of the financial markets added another layer of stress on top of an already failing economy. This is particularly true for Alaska's S&Ls, but, as explained above, all of them are facing an increasingly competitive environment.

Other Consequences

The immediate consequences of these failures are many. Though all deposits up to $100,000 have been insured, many businesses and individuals with larger deposits in failed institutions lost part of their money. Hundreds of jobs have been lost. Some businesses have lost their line of credit and have been forced to close their doors. Stockholders either lost the entire value of their stock or, in the case of a mandatory merger, most of its value.

There are basically two schools of thought concerning the longer term effects of the financial industry's problems. One group believes that beside the immediate losses, there will be future negative impacts that will dog Alaska's economy. They maintain that a loss of credit lines will force additional businesses, which are otherwise healthy, to shut their doors. For individuals without a proven track record who wish to open a new business, getting a loan in today's environment will be almost impossible. Because some of the surviving institutions have always been extremely conservative and the others have become much more adverse to risk, economic growth could be stifled in the future. Outside institutions, which traditionally provided much of the needed capital for Alaska in the past, have also gotten cold feet because of their bad experiences.

The other school believes that even in today's market, a business which is operating successfully or an individual with a good solid financial plan can find a line of credit. They firmly believe that as soon as the economy begins a solid turnaround, financial institutions will be there to make the necessary loans. They predict that eventually there will be new entry into the market and more Alaska banks will be acquired by larger outside banks, providing greater access to capital markets. Most financial institutions fall between the two schools. Everyone agrees that caution will prevail for many years in this industry.

Alaska's Entrepreneurs

By Dan Zobrist and Kevin O'Sullivan

Entrepreneurship, according to some sources, is spontaneous and evolutionary. It can be the natural inclination of individuals steeped in a culture which stresses individuality rather than conformity. Palgrave's dictionary translates this french word to mean "the undertaker of a project". Alaskans are natural entrepreneurs. Where else in the world would they invent an international 1,000 mile sled dog race that is featured by the national and international media and the harbinger of European long distance dog racing?

Entrepreneurs are typically undertakers of their **own** projects. Not everyone agrees that all self-employed workers are entrepreneurs but self-employment, and its attendant financial risk, is one important criteria that makes the entrepreneur. For the purposes of this article, entrepreneurs may be lawyers, independent craftspeople or artists, small business folks, or any other self-employed person who works for profit or fees in their own unincorporated business, profession or trade.

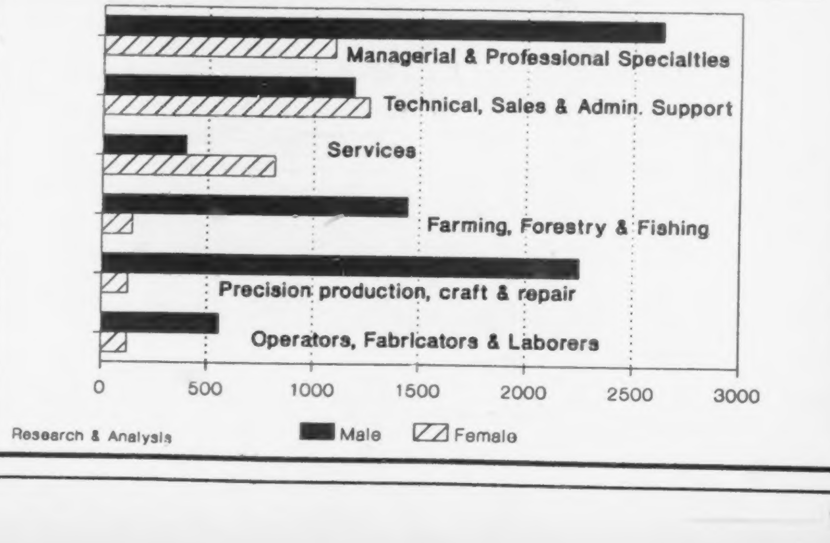
In 1980, about 1 in 13 employed workers in Alaska were self-employed

There is little current information available on the number of self-employed workers in Alaska. Every ten years, census enumerators make estimates of self-employed workers and their occupation. These estimates can be compared from each census and may yield some valuable information on demographic and employment trends among the self-employed. Other studies have used a different methodology and investigated in a piecemeal fashion the magnitude of self-employment in one or more occupations. This second method may serve the immediate purpose for which it was initiated but also may leave many questions unanswered. This article will summarize the information on self-employment available from the Bureau of the Census and report on the ongoing work to identify the extent and distribution of self-employed workers in Alaska.

Census Information

The 1980 Census of Population estimated that 12,015 workers, or about 1 in 13 of all employed workers, in Alaska were self-employed. Females accounted for 3,560 or 30% of all self-employed workers in Alaska. Of six broad occupational categories, females were a majority of the total self-employed in two: service occupations and technical, sales and administrative support occupations (Figure 1). Within these two occupational groups, females are most numerous in financial records processing occupations (264 females versus 30 males) within the larger category of technical, sales and administrative support occupations, and personal service occupations (627 females versus 135 males), such as hairdressers and child care workers, within the category of service occupations.

Figure 1
Self-Employment by Occupational Group
Males and Females, 1980



Research & Analysis

A comparison of the 1970 and 1980 census counts show that the total number of self-employed workers in Alaska doubled during the decade. The percent of the labor force who are self-employed has also grown from 6.8% in 1970 to 7.3% in 1980. During the 1970s, Alaskan female workers registered employment increases in the areas of both self-employment and wage and salary employment. This period of growth has seen female self-employment increase by 135% and their relative participation in self-employment rise from 25% to 30% of all self-employed. This amounted to an increase of over 2,000 female entrepreneurs. By comparison, self-employment for males during the 1970s increased by 3,895 workers, an 85% increase. Females were especially represented in self-employed clerical and personal service occupations. They accounted for 72% of the self-employed in these occupations in 1970, and their share grew to 88% in 1980.

In Alaska, females hold a larger share of self-employment than in the rest of the U.S.

Among those detailed occupations covered by the census, the largest absolute increase in self-employment came from the addition of 1,200 sales workers (Table 1). These new entrepreneurs were almost evenly divided between males and females but the 573 new female sales workers represented a 400% increase from the 1970 level. Other occupations with large percentage and numerical increases for females are personal service workers (hairdressers or child care workers), writers, artists & entertainers, typists, accountants and bookkeepers. Perhaps just as significant, in 1980 the census first recorded female self-employment in some traditional male occupations such as lawyers and physicians in the professional ranks, and mechanics and truck drivers in blue collar occupations. In addition to sales workers, males showed impressive increases in mechanics and repairers (200% increase), and the category of writers, artists and entertainers (487% increase).

U.S. and Alaska Comparisons

The 1980 U.S. census estimated that, nationwide, about 1 in 14 employed workers are self-employed, close to the same ratio as Alaska. But in Alaska, females hold a larger share of total self-employment (30% Alaska versus 23% U.S.). The higher participation rate is reflected in larger percentages of Alaska females in the occupations of managerial and professional specialties; technical, sales, and administrative support; and service occupations (Table 2). The participation rate is about equal between U.S. and Alaska females in the traditional, blue-collar male occupations with the exception of farming, forestry and fishing occupations. In these occupations the census reports that

Table 1
Self-Employment Occupations Showing Significant Growth 1970-1980

Occupation	Male 1970	Male 1980	Female 1970	Female 1980	Total 1970	Total 1980
Accountants & auditors	54	169	25	92	79	261
Bookkeepers	11	30	90	264	101	294
Dentists	48	82	*	*	48	82
Engineers	31	140	*	6	31	146
Lawyers and judges	117	301	*	43	117	344
Mechanics and repairers	203	602	*	11	203	613
Personal service workers	123	135	175	627	298	762
Physicians	76	135	*	12	76	147
Sales workers	293	920	141	714	434	1,634
Secretaries	*	*	63	151	63	151
Truck Drivers	53	112	*	6	53	118
Typists	*	*	8	163	8	163
Writers, Artists & Ent.	65	382	43	264	108	646

* indicates little or no employment reported

Source: Research and Analysis, Alaska Department of Labor compiled from Bureau of the Census, Detailed Population Characteristics, Alaska, 1970 and 1980.

U.S. females participate approximately 60% more than their Alaskan counterparts. This may partly be due to less opportunity in farming in Alaska and partly due to a potential census under-count of commercial fishers in rural areas of the state.

Current Information

How many Alaskans are currently self-employed? And in which occupations? These questions have long frustrated economists and others attempting to estimate employment trends. Most information on employed workers comes from the confidential wage and salary data files of the Department of Labor. But self-employed workers aren't a part of this data bank since they are generally not covered by Alaska's unemployment insurance program. As demonstrated above, the U.S. census estimates the number of self-employed workers from a sample of the population counted every 10 years. This source is not able to measure changes within the decade and not timely for professionals who must plan education and training programs. To begin to address this problem, the Alaska Department of Labor, Research and Analysis began a project to estimate the size and distribution of self-employed workers in Alaska. Some initial information is listed below.

The scope of specific occupations to be researched was limited to those with an estimated employment level of 100 or more. This initial estimate was made by using the proportion of self-employed workers to wage and salary workers as estimated from the 1980 census. This ratio was then applied to the 1987 wage and salary employment level for Alaska. Occasionally, the number estimated from the research turned out less than 100 and is included in the tables as it was among the list of occupations studied. Table 3 lists occupations where estimates have been made of the number of self-employed and wage and salary workers in 1987.

The validity (believability) of these estimates is a function of the quality of the sources tapped to gather the data. Tracking each elusive estimate required help from several areas: census files, occupational licensing records, yellow pages of telephone directories, opinions of experts regarding active memberships in

The validity of these estimates is a function of the quality of the sources

Table 3
Alaska 1987
Self-employed and Wage and Salary Employment Of Selected Occupations

Occupation	Wage & Salary	Self-employed	Ratio
Artists & related workers	71	1,291	18.18
Child care workers	637	378	.59
Dentists	150	70	.46
Electronic repairers	372	46	.12
Fallers and buckers	333	100	.30
Geologists	551	41	.07
Hairdressers	547	1,876	3.42
Lawyers	1,143	937	.82
Physicians	467	142	.30
Plumbers, pipefitters	889	187	.21
Truck Drivers	2,152	435	.20

Source: Alaska Department of Labor, Research and Analysis. Special Research Project on the Self-Employed.

Table 2
Percent of Self-employed Workers By Occupation and Sex
1980 Census Alaska vs. U.S.

Occupation	ALASKA Male	ALASKA Female	ALASKA Total	U.S. Male	U.S. Female	U.S. Total
Managerial and professional specialty	21.9%	9.1%	31.0%	20.2%	6.6%	26.8%
Technical, sales and administrative support	9.8	10.5	20.3	12.9	7.3	20.2
Service	3.3	6.8	10.1	2.9	5.6	8.5
Farming, forestry and fishing	12.1	1.2	13.3	17.4	1.9	19.3
Precision production, craft and repair	18.7	1.0	19.7	17.6	0.9	18.5
Operators, fabricators and laborers	4.6	1.0	5.6	5.8	0.9	6.7
Total	70.4	29.6	100.0	76.8	23.2	100.0

Source: Research and Analysis, Alaska Department of Labor compiled from Bureau of the Census, Detailed Population Characteristics, Alaska, 1970 and 1980.

professional organizations, current holders of business licenses, and other sources. The more salient features of the source of information for each occupation listed is described below.

Artists and Related Workers- Many Alaskan Natives engage in self-employment through making art work and native craft. Some estimates range as high as 75% of the adult Native population of 45,000 people. Estimates are further confounded by the practice of one person manufacturing an item, another signing it and a third person selling the work. Estimates were made by a variety of Alaskan Native arts institutes and cooperatives leading to a final figure of about 1,300 workers, the bulk of whom are carvers living from the Northwest coast to Cook Inlet.

Child Care Workers- Nationally, self-employed child care workers represent nearly two thirds of total employment in this occupation. The proportion of self-employed child care workers in Alaska is estimated to be lower, perhaps in response to state funding for child care centers where workers are employed in wage and salary positions. In 1988, records kept by the Department of Health and Social Services indicate that there were 378 homes and 194 centers licensed as day care providers. In 1987 there were only 256 current state business licenses for child care providers. This number is of little use as it probably includes all the centers and a portion of the homes. The best estimate for self-employed child care workers is the number of licensed homes, 378.

Dentist- Two sources were used to estimate the number of self-employed dentists: the Alaska Dental Society (ADA) and the U.S. Public Health Service (USPHS). The number of active dentists in Alaska reported by the ADA is 220. The USPHS listed 28 active dentists, who would be wage and salary employees. Also, many dentists are employed by their own corporations so they are included as part of the 150 dentists who are wage and salary workers. This leaves an estimate of 70 self-employed dentists who have not formed professional corporations.

Electronic Repairers- The 1987 state directory of business licenses contained 16 listings in this occupational area. This estimate is supplemented by advertisements in yellow page directories from the major Alaskan cities for an estimate of 46 self-employed electronic repairers.

Faller and Bucker- This occupation cuts trees down and saws them into specified log lengths. They can work alone or as part of a team. There are an estimated 100 self-employed workers in this occupation. Estimates were made by owners of logging companies and employees in the wood cutting section of the Department of Natural Resources.

Geologist- Listings in the Yellow Page Directories in the major Alaskan cities total 41 self-employed geologists. This is approximately 4 times less than the national ratio. The higher percentage of wage and salary geologists in Alaska could be due to a difference in the size of firms in Alaska's mining industry relative to the rest of the U.S.

Hairdressers- The current estimate of wage and salary workers in this occupation is 547. As of February 1988 there is a total of 2,423 hairdressers licensed with the Department of Commerce and Economic Development. It is the opinion of both practicing professionals and directors of local beauty academies and hairdresser associations that virtually all licensed hairdressers are active. Subtracting the 547 wage and salary workers from the 2,423 licensed workers leaves 1,876 self-employed hairdressers in Alaska.

Lawyers- The membership of the Alaska Bar Association (ABA) totaled 2,200 lawyers and judges. The estimate of wage and salary workers in this occupation is 1,143. When the 120 judges are subtracted along with the wage and salary workers from the ABA membership, the number of self-employed lawyers is estimated to be 937. Of course, this overestimates the number of self-employed lawyers if there are a significant number of ABA members who are not employed as lawyers or judges.

Physicians- The Alaska State Medical Association identified 609 active, licensed physicians in the state. Approximately 6% of the physicians practicing in Anchorage were identified as being employed as wage and salary workers in hospitals. The U.S. Public Health Service employs 89 physicians in Alaska. The total estimate of physicians who work for wage and salary is 467. The difference between the number of licensed, active physicians and those identified as wage and salary workers can be assumed to be self-employed physicians. This relatively low number, 142, probably represents just those physicians who maintain their own practice as an unincorporated business, rather than as a professional corporation which employs the physician on salary.

Plumbers- Using the census ratio of self-employed plumbers to the number of plumbers who work for wage and salary in Alaska yields an estimate of 187 self-employed plumbers. When asked, officials in the labor organizations for plumbers responded that they were "very comfortable" with this estimate.

Again, using census ratios, there are an estimated 435 self-employed truck drivers in Alaska. This estimate was judged as "... very close to the mark" by an official at the Alaska Truckers Association.

Comparison of Census vs Current Estimates

Some marked differences in employment are shown when one compares the figures from the 1980 census against estimates of self-employed workers gleaned from lists of occupational licenses or other current sources. Part of this difference can be attributed to the sampling error inherent in the census count. Only one in six households were interviewed for information which included occupational characteristics. But most of the increase in employment should be due to the rapid growth in the Alaska economy since the 1980 census. Entrepreneurs certainly were among the tens of thousands of new workers that migrated to the state during the boom years of the early 1980s. New economic opportunities available during those times kindled the entrepreneurial fire in long-time residents.

Summary

Entrepreneurs must be especially sensitive to changing markets and their numbers may change rapidly at any time. The decade of the 1970s saw a doubling of self-employed people in Alaska and evidence suggests that their numbers continued to grow in the 1980s. Census estimates of self-employed workers are available each decade but interim studies can provide information on emerging occupations within the decade.

Census estimates indicate that female entrepreneurs are represented in greater proportion in Alaska than in the nation. A comparison of the 1970 and 1980 census show that female participation in self-employed occupations has grown during that decade.

There is good information available to Alaskans who think they might want to be entrepreneurs. *Working for Yourself,* a publication of the Alaska Career Information System, provides tips on self-employment options, how to make a business succeed, and other topics including a self-administered test which assesses your aptitude for entrepreneurship. *Working for Yourself* is available from the many school districts and other organizations who subscribe to the Alaska Career Information System (AKCIS).

In spite of these shortcomings, GSP figures provide a broad sweep of Alaska's economy. They tell us the value of what Alaska produces. Gross state product gives a better feel for the petroleum industry's role and other industries in Alaska's economy. Combined with other economic indicators, these gross state product figures help to complete the process of painting a comprehensive picture of the state's economy.

Alaska's Employment Scene

By Brian N. Rae

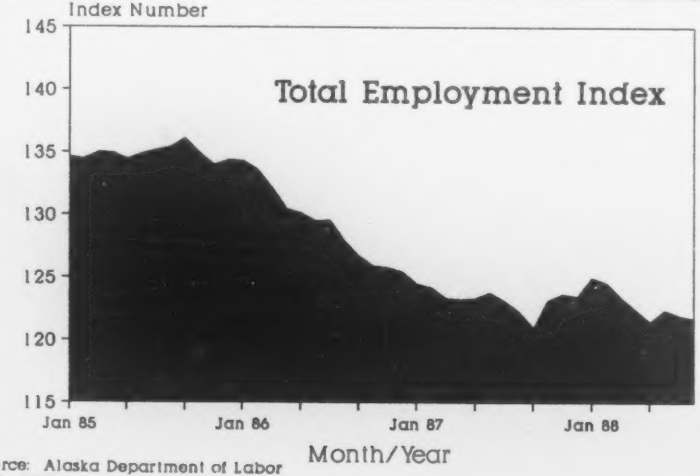
For the last several months, the authors of Alaska's Employment Scene have looked for signs that the economy has hit bottom. Employment levels are one sign which the authors follow closely. Comparisons of current employment levels with those of a year ago are common, and these levels are still quite close. These year-to-year comparisons, however, will not show an economic turnaround as quickly as some other techniques.

With employment levels falling, the current year will always be less than the prior year. Even when employment levels begin rising, the first several months of gains may still be less than the levels of a year ago. Because of this, other techniques can be more useful to show employment gains or losses. One of these techniques, called seasonal adjustment, removes the seasonal employment trends which can obscure real gains or losses.

Figure 1 shows a seasonally adjusted (taking out the effect of seasonal movements) employment index from January 1985 through August 1988. In this example, 1980 annual average employment levels equal 100, so January 1985 employment was over 34% higher than the 1980 average. As noted in the March 1988 *Trends,* the last several months of 1987 indicated the end of the employment declines. The employment indexes for the end of 1987 and the first several months of 1988 show levels boosted by the recent strength of the timber and bottomfish markets.

Figure 2 removes the manufacturing industry from the index, and better illustrates the end of employment declines. The manufacturing sector has shown the most strength of all sectors over the last two years, and its continued growth is expected. The leveling off of employment in the other sectors is the important news. This leveling off could be just a plateau, with further employment losses

Figure 1
Alaska Composite Nonag. Employment Index



Source: Alaska Department of Labor
(100 = 1980 Annual Average)

Depressed oil prices could adversely affect the state's economic recovery

in the future. However, most believe the current levels to be the end of a two year decline, and the start of continued growth in the Alaska economy.

Of course there are factors which could adversely affect the state's economic recovery. At the time of this writing, world oil prices are trying to regain ground lost over the past two weeks. On November 1, North Slope crude delivered to the Gulf Coast was selling for $11.40 per barrel. One year ago, the price was $18.13. Some analysts believe these extremely depressed prices to be short lived, but the volatility of the world oil market makes state government budgeting a difficult and inexact task.

It was reported in the September issue of *Trends* that the FY89 budget revenues could be $350 million below projections if oil prices remain at their current level and if no other sources of revenue are used. Since that time, several events have changed this outlook — things have gotten both better and worse.

On the positive side, the recent settlement between ARCO and the state regarding back taxes added $172 million to the state's budget. Combined with future settlements on $3 billion in taxes still disputed, both current and future budgets could experience similar unexpected windfalls. Using the most current information available, the FY89 budget is projected to be $50 million out of balance. This deficit is small enough that budget reserves could cover it.

The FY90 budget is another story. If spending levels are maintained at the FY89 level, the state could face a $900 million deficit. A deficit of this magnitude could not be covered by budget reserves. The two major sources of funds which could cover budget deficits, the Permanent Fund's earnings reserve of nearly $600 million and the Railbelt Energy Fund's $225 million, would still leave a budget shortfall if projections are correct.

Other sources of revenues are available, but have not been used in the recent past to boost state revenues. These include using a larger share of the earnings from the Permanent Fund or implementation of a state income or sales tax. As the earnings reserve funds are tapped, potential income gained through interest is lost. Many see the use of these funds to cover budget deficits as only a bandage, not addressing the need to increase revenues, decrease expenditures, or both.

In the long run, the state will probably have to reduce expenditures and increase revenues to achieve a balanced budget. According to a study done by the Institute of Social and Economic Research (ISER Working Paper 86.2), on average 2,000 jobs are lost for every $100 million decrease in state spending. This number varies with the particular area of the budget being decreased. Reductions in loan programs cost few jobs, capital projects have a greater impact, and cuts in the operating budget have the greatest impact on employment.

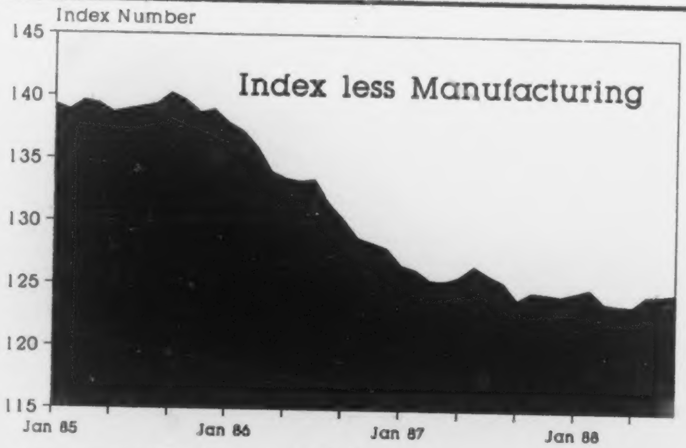
Towards the end of the Great Depression of the 1920s and 1930s, noted economist John Maynard Keynes argued for increased government expenditures, at the expense of running budget deficits, to help bolster the economy. His argument, supported by most economists today, was that reductions in government spending had a multiplier effect on the overall economy. The loss of any one job, public or private, in the economy threatened the existence of other jobs. Government, unlike private concerns, could continue to exist even with budget deficits. Reductions in state expenditures will be felt throughout the state's economy, and will only slow any economic recovery.

Increasing revenues will be as controversial as further cuts in the budget. Changes to the economic limit factor, or ELF, will again be a topic during the next legislative session. Designed as a mechanism to lower the tax rates of economically marginal fields, the ELF has been critized by many as reducing the tax burden on the oil companies for extremely profitable fields. Revising or repealing ELF is a sensitive issue, and one which faces stiff opposition from many lawmakers and the oil and gas industry. Still, proposed changes could increase revenues by $150 million to $200 million per year. Other options include revising the entire petroleum tax structure, as recommended in a study recently released by Arthur Laffer at the request of the legislature.

For the long run, the decreasing production of Prudhoe Bay will squeeze the state budget even further. ARCO Alaska Inc. claims that production peaked at 1.5 million barrels a day this year, and will never reach this level again. Although others including Standard Alaska Petroleum disagree with ARCO's claim, output will almost certainly be declining within two years. Other fields will be increasing production for several years, and additional fields could come on line which will help shore up the state's revenues. However, these additional fields only delay the inevitable decline in North Slope oil production.

As the state attempts to reduce its budget burden, local governments will be faced with reducing services or finding alternative ways to pay for

Figure 2
Alaska Composite Nonag. Employment Index



Source: Alaska Department of Labor
(100 - 1980 Annual Average)

Table 1
Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 9/88	r/ 8/88	9/87	Changes From: 8/88	9/87
Nonag. Wage & Salary	218,500	222,300	217,900	-3,800	600
Mining	9,100	9,300	8,800	-200	300
Construction	11,100	11,400	12,600	-300	-1,500
Manufacturing	16,100	20,900	15,400	-4,800	700
Seafood Processing	9,000	13,900	8,800	-4,900	200
Lumber & Paper Prod.	3,800	3,700	3,300	100	500
All Other Manufacturing	3,300	3,300	3,300	0	0
Transportation	18,800	18,900	18,900	-100	-100
Trucking & Warehousing	2,600	2,600	2,500	0	100
Water Transportation	1,100	1,200	1,100	-100	0
Air Transportation	5,700	5,900	5,500	-200	200
All Other Transportation	9,400	9,200	9,800	200	-400
Trade	43,400	43,900	43,700	-500	-300
Wholesale	7,500	7,600	7,300	-100	200
Retail	35,900	36,300	36,400	-400	-500
Gen. Mer. & Apparel	5,100	5,200	5,200	-100	-100
Food Stores	6,200	6,200	6,200	0	0
Eating & Drinking Pl.	13,400	13,600	13,900	-200	-500
All Other Retail	11,200	11,300	11,100	-100	100
Finance-Ins. & R.E.	10,700	10,900	11,000	-200	-300
Services	42,700	43,900	41,900	-1,200	800
Government	66,600	63,100	65,600	3,500	1,000
Federal	18,200	18,200	18,500	0	-300
State	20,000	18,600	18,900	1,400	1,100
Local	28,400	26,300	28,200	2,100	200

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1987.

p/ Denotes Preliminary Estimates.
r/ Denotes Revised Estimates.

Table 2
Nonagricultural Wage and Salary Employment By Place of Work

Anchorage

				Changes From:	
	p/ 9/88	r/ 8/88	9/87	8/88	9/87
Nonag. Wage & Salary	101,700	101,900	103,050	-200	-1,350
Mining	3,600	3,600	3,200	0	400
Construction	5,350	5,650	6,550	-300	-1,200
Manufacturing	2,450	2,900	2,400	-450	50
Transportation	9,650	9,650	10,050	0	-400
Trucking & Warehousing	1,600	1,600	1,650	0	-50
Water Transportation	300	300	300	0	0
Air Transportation	3,250	3,300	3,300	-50	-50
All Other Transportation	4,500	4,450	4,800	50	-300
Trade	23,750	24,100	24,150	-350	-400
Wholesale	5,500	5,650	5,400	-150	100
Retail	18,250	18,450	18,750	-200	-500
Gen. Merch. & Apparel	2,450	2,600	2,600	-150	-150
Food Stores	2,950	2,900	2,900	50	50
Eating & Drinking Pl.	7,100	7,150	7,550	-50	-450
All Other Retail	5,750	5,800	5,700	-50	50
Finance-Ins. & R.E.	7,200	7,150	7,250	50	-50
Services	23,900	24,150	23,550	-250	350
Government	25,800	24,700	25,900	1,100	-100
Federal	10,450	10,450	10,650	0	-200
State	6,850	6,250	6,750	600	100
Local	8,500	8,000	8,500	500	0

Anchorage-MatSu

				Changes From:	
	p/ 9/88	r/ 8/88	9/87	8/88	9/87
Nonag. Wage & Salary	108,850	108,650	109,550	200	-700
Mining	3,650	3,650	3,200	0	450
Construction	5,650	6,000	6,800	-350	-1,150
Manufacturing	2,550	3,000	2,500	-450	50
Transportation	10,450	10,300	10,700	150	-250
Trade	25,850	26,100	25,850	-250	0
Finance-Ins. & R.E.	7,650	7,600	7,700	50	-50
Services	25,200	25,450	24,750	-250	450
Government	27,850	26,550	28,050	1,300	-200

Gulf Coast

				Changes From:	
	p/ 9/88	r/ 8/88	9/87	8/88	9/87
Nonag. Wage & Salary	21,050	23,950	20,850	-2,900	200
Mining	800	850	950	-50	-150
Construction	1,100	1,100	1,250	0	-150
Manufacturing	4,350	7,050	4,250	-2,700	100
Seafood Processing	3,750	6,450	3,650	-2,700	100
All Other Manufacturing	600	600	600	0	0
Transportation	1,350	1,400	1,350	-50	0
Trade	3,850	4,100	3,650	-250	200
Wholesale	500	550	500	-50	0
Retail	3,350	3,550	3,150	-200	200
Finance-Ins. & R.E.	600	600	600	0	0
Services	3,400	3,550	3,400	-150	0
Government	5,600	5,300	5,400	300	200
Federal	550	550	600	0	-50
State	1,800	1,650	1,600	150	200
Local	3,250	3,100	3,200	150	50

Fairbanks

				Changes From:	
	p/ 9/88	r/ 8/88	9/87	8/88	9/87
Nonag. Wage & Salary	26,700	26,550	26,500	150	200
Mining	100	100	100	0	0
Construction	2,000	2,000	2,250	0	-250
Manufacturing	550	550	600	0	-50
Transportation	2,200	2,350	2,350	-150	-150
Trucking & Warehousing	400	400	350	0	50
Air Transportation	350	400	300	-50	50
All Other Transportation	1,450	1,550	1,700	-100	-250
Trade	5,900	6,100	5,750	-200	150
Wholesale	700	700	700	0	0
Retail	5,200	5,400	5,050	-200	150
Food Stores	850	800	850	50	0
All Other Retail	4,350	4,600	4,200	-250	150
Finance-Ins. & R.E.	850	850	950	0	-100
Services	5,650	5,950	5,550	-300	100
Government	9,450	8,650	8,950	800	500
Federal	2,900	2,950	2,850	-50	50
State	3,900	3,350	3,700	550	200
Local	2,650	2,350	2,400	300	250

Interior

				Changes From:	
	p/ 9/88	r/ 8/88	9/87	8/88	9/87
Nonag. Wage & Salary	30,750	30,600	30,850	150	-100
Mining	300	300	250	0	50
Construction	2,100	2,100	2,500	0	-400
Manufacturing	600	600	600	0	0
Transportation	2,600	2,650	2,700	-50	-100
Trade	6,350	6,650	6,200	-300	150
Finance-Ins. & R.E.	900	900	1,000	0	-100
Services	6,100	6,600	6,150	-500	-50
Government	11,800	10,800	11,450	1,000	350

Southeast Alaska

				Changes From:	
	p/ 9/88	r/ 8/88	9/87	8/88	9/87
Nonag. Wage & Salary	31,750	32,350	30,400	-600	1,350
Construction	1,000	1,150	1,200	-150	-200
Manufacturing	5,700	6,200	4,900	-500	800
Seafood Processing	1,850	2,400	1,550	-550	300
Lumber & Paper Prod.	3,600	3,550	3,150	50	450
All Other Manufacturing	250	250	200	0	50
Transportation	2,350	2,450	2,350	-100	0
Trade	4,950	4,950	4,900	0	50
Wholesale	450	450	400	0	50
Retail	4,500	4,500	4,500	0	0
Finance-Ins. R.E.	1,150	1,200	1,100	-50	50
Services	4,900	5,000	4,900	-100	0
Government	11,500	11,200	10,950	300	550
Federal	2,050	2,000	2,050	50	0
State	5,200	5,150	4,950	50	250
Local	4,250	4,050	3,950	200	300

them. Measures to relocate the burden of providing certain services have already been introduced. A bill which would have required all areas of the state to incorporate was defeated last year. Its intent was to place some liability for funding schools and other public services now provided by the state on the local areas. Although defeated, many unincorporated areas are now beginning the process to incorporate before they are forced to do so in the future.

Of great concern to many of these areas is the need for revenue sources, usually taxable property. Areas of the railbelt between the Mat-Su and Fairbanks boroughs are looking to incorporate the pipeline. Areas in Southeast are looking at harvestable timber and potential mines as a source of tax revenue. As the ELF proves, care must be taken in setting up such tax structures.

Dave Carnes, chief of the Juneau office of the U.S. Bureau of Mines, urges communities to set a tax structure in place before a company decides to locate in their area. This needs to be done so that potential investors know the market they are entering. Then, measures must be taken to insure investors that the tax structure will remain stable. As the Alaskan economy diversifies, new investment can lead to both more employment and higher revenues to fund public services.

Any new taxes or tax revisions are a balancing act. Many have argued quite convincingly that a stable tax policy helps insure investment. Companies are understandably nervous about undertaking projects where their tax burden is uncertain. Market forces are again making investment in Alaska appealing to many companies, particularly those engaged in timber and mining industries. The potential for increased taxes could sway investors to seek lower but more certain returns elsewhere. This is particularly true in industries with long term projects and uncertain profit margins, which describes most of the new hard rock mining ventures.

Just as too high a tax drives out investment, too low a tax can be an equally large problem. New industries place additional burdens on certain services, and new employment usually

Employment in September 1988 is slightly above that of a year ago

Table 3
Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 9/88	R/ 8/88	9/87	P/ 9/88	R/ 8/88	9/87	P/ 9/88	R/ 8/88	9/87
Mining	$1,151.05	$1,190.44	$1,078.52	49.7	50.7	47.2	$23.16	$23.48	$22.85
Construction	1,081.58	1,064.86	957.12	44.4	42.8	38.3	24.36	24.88	24.99
Manufacturing	484.88	507.15	496.87	38.3	46.4	40.2	12.66	10.93	12.36
Seafood Processing ..	284.76	407.89	347.27	34.6	48.1	38.5	8.23	8.48	9.02
Lumber & Paper Prod	745.29	689.75	682.56	45.5	43.6	43.2	16.38	15.82	15.80
Trans., Comm. & Util. ..	569.57	557.84	579.74	34.9	34.8	36.6	16.32	16.03	15.84
Trade	373.83	367.25	365.04	33.8	33.6	33.8	11.06	10.93	10.80
Wholesale	523.80	512.72	517.59	38.8	37.7	38.8	13.50	13.60	13.34
Retail	324.90	319.10	315.88	32.2	32.2	32.2	10.09	9.91	9.81
Finance-Ins. & R.E	412.58	388.88	387.77	34.7	32.9	33.4	11.89	11.82	11.61

Benchmark March 1987

[1] Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

[2] excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

means population increases with greater demand for public services. In this case, those persons employed by the company benefit at the possible expense of the community as a whole.

Since the early 1980s, many of the public services in the state have been financed by state government from oil revenues. Many people underestimate the real costs of providing these services. Shifting this burden to the localities, and their search for new revenue sources, will not be easy or painless. Decisions will need to be made at the local level as to the types of public services provided, and who pays for them. Without very careful planning, and some degree of luck, this level could possibly be far below current levels.

Industry Employment

The Alaskan economy historically peaks in August, with September beginning the seasonal decline in employment. This September was no exception (Table 1). Over the month, employment declined by slightly over 4,000 jobs or nearly 2%. Considering that **seafood processing** lost nearly 5,000 jobs and the service sector lost over 1,200 jobs, the overall decline was fairly moderate. More important, employment in September 1988 is slightly above that of a year ago.

When reviewing the employment changes in September, the largest mover was the seafood processing industry. After large increases during the peak season of July and August, the loss of 35% in employment is not unexpected. The salmon processing season was strong but its strength was not spread evenly over the state.

The other employment losers were sectors which receive a share of their business from tourism. **Hotels and motels** decreased their employment by about 9%, while retail trade saw a small reduction. Even though we talk about the tourism industry, companies affected by tourist traffic are spread over many different industries. Getting a handle on the employment gains caused by tourism is difficult. For example, we know that the air transportation industry benefits from tourism. The industry also benefits from the timber and mining industries, hauling mail, freight, and normal passenger service. Determining the amount of increased employment and revenues directly related to tourism would require an extensive study. The same holds true for many retail stores, services such as hotels and motels, restaurants, etc.

Another traditional movement during September is a large increase in **state and local government employment**. Both of these sectors increased over 7% with the reopening of schools. Noneducational employment in state government remained flat over the month, while local noneducational employment posted seasonal losses of 5%. For the year, only the federal employment levels continue to decline. State government employment is up by 1,100 for the year, while local government has increased by 200. These increases occurred in every area of the state.

Only two other sectors showed employment growth over the month, timber and other transportation. **Timber** continues to do well as the market remains strong. Although still a seasonal industry, it has extended its operations to be a 10 to 11 month per year industry. For other transportation, September employment levels include both the end of the tourist season and the beginning of pupil transportation for schools.

Regional Employment Trends

Three areas of the state gained in over the year employment: Southeast, Gulf Coast, and Fairbanks (Table 2). The first two have been doing better than average over the last two years. As mentioned last month, August was the first time **Fairbanks'** employment levels were above year ago levels. In September, preliminary estimates show an increase of 200 employment in the borough. Construction, transportation, and finance-insurance and real estate all remain weak in Fairbanks, but other sectors have more than made up for these declines.

Both **Southeast and Gulf Coast** saw an expected drop in seafood processing employment over the month. Although somewhat offset by increased government employment, the two areas were below the August employment levels. Still, over the year employment gains were registered by both areas.

Interior Alaska, although helped by the economic strength of Fairbanks, was not able to post over the year gains. Declines in construction and services were too great for increased government and trade employment to overcome.

Anchorage has yet to pull out of its economic slide. Employment levels again declined over the year by 1,350. The brightest spot in Anchorage's economy is again mining, with more than a 10% rise in employment over the year. Although this is a very small portion of the Anchorage economy, many Anchorage businesses relied to varying degrees on this industry. Anchorage-Matsu was the only area of the state to show increased employment in services over the year. Except for the industries already mentioned, most others showed losses for both the month and the year.

Conclusion

As mentioned earlier, seasonally adjusted statewide employment figures suggest that losses ended about this time last year. Although this may not yet be true for all regions, growth in some areas of the state will help those areas still experiencing declines. The figures should be viewed with some caution, but again indicate that the recent recession is largely behind us. Employment will continue to decline, if past trends are followed, until the next seasonal upswing next spring. In the next few months, unemployment will rise as seasonal jobs end.

Still, this does not mean a worsening of the state's economy. The past two years have had a great impact on our economy, but its base has remained largely unchanged. Natural resource extraction bolstered the economy during bad times, and recently feasible industries such as hard rock mining will contribute to Alaska's future growth.

Seasonally adjusted figures indicate that losses ended about September of 1987

Table 4
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 9/88	R/ 8/88	9/87	P/ 9/88	R/ 8/88	9/87	P/ 9/88	R/ 8/88	9/87	P/ 9/88	R/ 8/88	9/87
Alaska Statewide	244,500	252,335	253,358	17,689	19,149	21,612	7.2	7.6	8.5	226,811	233,186	231,746
Anch.-MatSu Region	126,279	128,121	131,641	8,803	9,490	10,585	7.0	7.4	8.0	117,476	118,631	121,056
Anchorage Borough	110,795	112,731	116,236	6,921	7,395	8,272	6.2	6.6	7.1	103,874	105,336	107,964
MatSu Borough	15,484	15,390	15,405	1,882	2,095	2,313	12.2	13.6	15.0	13,602	13,295	13,092
Gulf Coast Region	27,337	31,059	27,998	2,385	2,459	2,770	8.7	7.9	9.9	24,952	28,600	25,228
Kenai Peninsula Bor.	17,506	19,846	17,969	1,922	1,983	2,212	11.0	10.0	12.3	15,584	17,863	15,757
Kodiak Island Borough	6,014	6,788	6,065	269	203	256	4.5	3.0	4.2	5,745	6,585	5,809
Valdez-Cordova	3,817	4,425	3,964	194	273	302	5.1	6.2	7.6	3,623	4,152	3,662
Interior Region	36,039	36,723	38,028	3,291	3,596	4,225	9.1	9.8	11.1	32,748	33,127	33,803
Fairbanks North Star Bor	31,172	31,684	32,802	2,877	3,062	3,596	9.2	9.7	11.0	28,295	28,622	29,206
Southeast Fairbanks	2,071	2,149	2,224	161	217	252	7.8	10.1	11.3	1,910	1,932	1,972
Yukon-Koyukuk	2,796	2,890	3,002	253	317	377	9.0	11.0	12.6	2,543	2,573	2,625
Northern Region	8,013	7,996	8,385	640	815	722	8.0	10.2	8.6	7,373	7,181	7,663
Nome	3,085	3,112	3,259	279	379	343	9.0	12.2	10.5	2,806	2,733	2,916
North Slope Borough	2,849	2,795	2,938	135	152	117	4.7	5.4	4.0	2,714	2,643	2,821
Northwest Arctic Bor	2,079	2,089	2,188	226	284	262	10.9	13.6	12.0	1,853	1,805	1,926
Southeast Region	34,652	35,816	34,597	1,870	1,999	2,391	5.4	5.6	6.9	32,782	33,817	32,206
Haines Borough	883	915	875	56	62	63	6.3	6.8	7.2	827	853	812
Juneau Borough	15,421	15,918	15,275	804	840	916	5.2	5.3	6.0	14,617	15,078	14,359
Ketchikan Gateway Bor.	6,820	7,036	6,834	342	354	470	5.0	5.0	6.9	6,478	6,682	6,364
Pr. of Wales-Outer Ketch	2,573	2,650	2,612	224	226	304	8.7	8.5	11.6	2,349	2,424	2,308
Sitka Borough	4,124	4,267	4,128	193	212	266	4.7	5.0	6.4	3,931	4,055	3,862
Skagway-Yakutat-Ang	1,546	1,639	1,599	95	142	173	6.1	8.7	10.8	1,451	1,497	1,426
Wrangell-Petersburg	3,285	3,391	3,274	156	163	199	4.7	4.8	6.1	3,129	3,228	3,075
Southwest Region	12,180	12,620	12,709	700	790	919	5.7	6.3	7.2	11,480	11,830	11,790
Aleutian Islands	3,392	3,506	3,504	86	99	109	2.5	2.8	3.1	3,306	3,407	3,395
Bethel	4,717	4,933	5,000	313	394	477	6.6	8.0	9.5	4,404	4,539	4,523
Bristol Bay Borough	429	439	437	30	28	28	7.0	6.4	6.4	399	411	409
Dillingham	2,144	2,203	2,219	93	89	112	4.3	4.0	5.0	2,051	2,114	2,107
Wade Hampton	1,498	1,539	1,549	178	180	193	11.9	11.7	12.5	1,320	1,359	1,356

P/ = Preliminary R/ = Revised 1987 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's rural localities have proportionately more of these discouraged workers.

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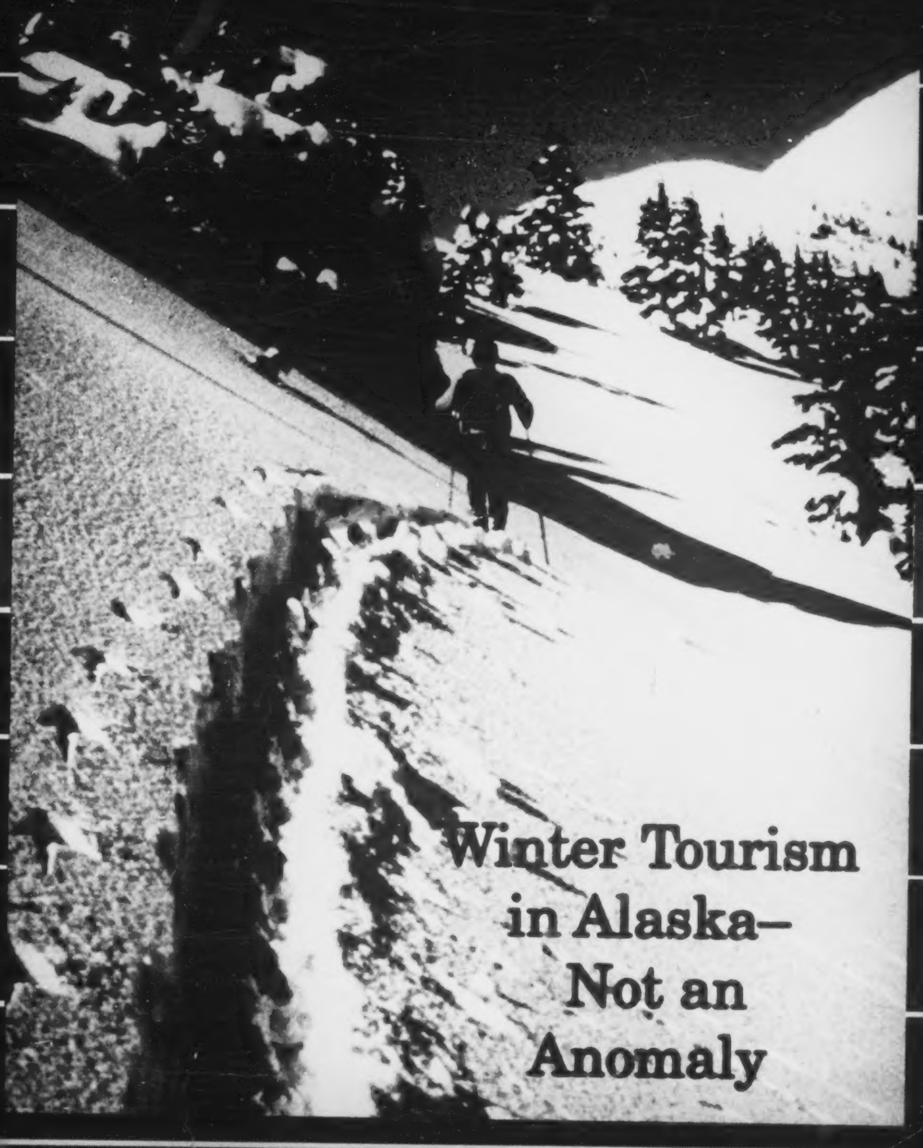

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ALASKA ECONOMIC TRENDS

Steve Cowper, Governor, State of Alaska

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1987.

P/ Denotes preliminary estimates
R/ Denotes revised estimates

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Winter Tourism in Alaska—Not an Anomaly

By Neal Fried and Holly Stinson

Some people may think winter tourism in Alaska is a contradiction in terms. However, the industry is very much alive in the state and slowly growing in spite of a three-year recession in the economy.

For the purposes of this article, 'winter tourists' are defined as all those who take advantage of winter recreation. A few winter tourists come from out of state; they are included in this brief study as 'winter visitors' no matter what their primary purpose for visiting might be. The words 'tourist,' 'visitor,' 'guest,' and 'traveler' have identical meanings.

Out-of-state guests make up a minority of those using winter recreation facilities in Alaska. It is those who are already here in the state who constitute the vast majority of people enjoying recreation, sporting events, festivals and other attractions during the winter months.

Although winter officially begins Dec. 21, Alaska's winter season begins much earlier. Activities staged in the state between November and March are discussed in this article, along with some activities that take place in the 'shoulder season' months of October, April and May.

There is a renewed interest in developing world class resorts near Anchorage

Anchorage has been in the public spotlight lately for making two unsuccessful winter Olympic bids. This has created renewed interest in developing world class, two-season resorts near the city. Proposals for these resorts are examined in this article, as are other less extravagant options for future winter recreation opportunities in the state.

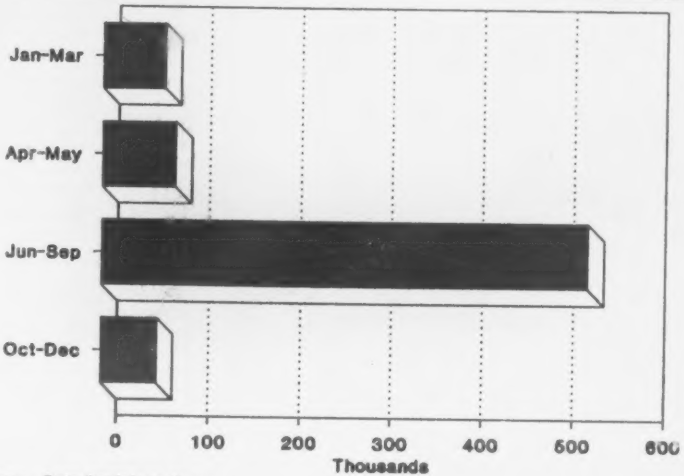
Out-of-state Winter Tourists Are Few Compared to Summer Tourists

Winter tourism certainly has a much lower profile than the summer tourist season of June through September. The number of visitors in the summer recently equaled or exceeded the state population: 533,000 in 1987, over 550,000 in 1986, and 473,000 in 1985. In contrast, winter visitor numbers are very small: at most they number 25,000 per month. (See Figure 1.) The number of winter visitors increases as the season passes; about 30% arrive in the fall months (October, November and December), 33% arrive in the winter (January, February and March), and 37% arrive in the spring months of April and May.

'Winter visitors' is defined as all people arriving from out-of-state, not just those coming for a vacation only. There are those who come to visit friends and relatives, to attend conventions, to conduct business, and those employed seasonally. While the summer months have the greatest percentage of guests coming here to vacation only, many visiting for other purposes in the winter make time during their trip for some type of recreational tour.

Figure 1

Total Visitors to Alaska – 1987



Source: Data Decisions Group

Nearly one-half of winter visitors are here on business

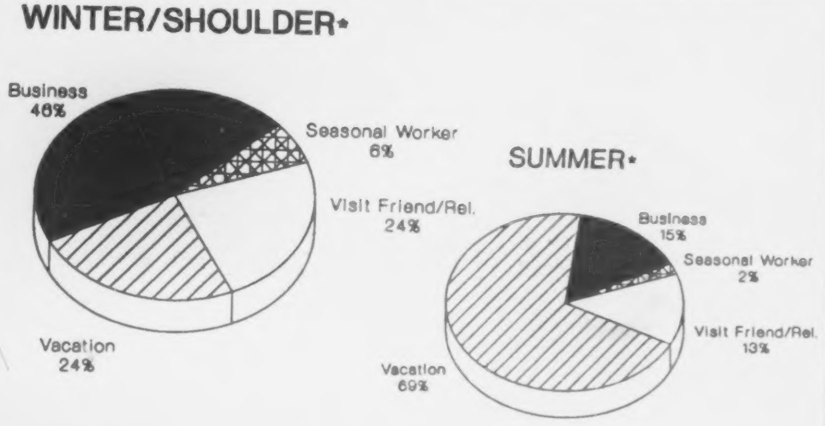
Winter guests differ from those of the summer in many respects. First of all, the number of vacationers drops significantly from one season to the other. (There were nearly 370,000 vacationers in the summer of 1987, but only 24,808 vacationers in the state between October and March 1988). Conversely, the proportion of business travelers is greater during the winter than the summer: business travelers make up almost half of all Alaska guests during the winter season. (See Figure 2.) During the winter, a much higher percentage of those traveling for pleasure are repeat visitors. Specifically, 40% of vacationers travelling to this state during the winter are repeat visitors, while only 15% of summer vacationers are repeat guests. And winter visitors are usually younger than those here in the summer. The average age of those visiting the state during the winter is 40; the average age of those visiting during the summer is 50. In addition, about 65% of the state's winter guests are from the western states — especially California and Washington.

The Local Market: Alaskans Touring Alaska

The number of winter travelers during 1986-87 was down by 16,000 from the number arriving one year earlier. And the figures for the winter of 1987-88 were down by about 1,000 over the previous year. It is interesting to note, however, that ski resorts and other winter recreation facilities reported increased usage during those same years. Since visitors from out of state have not increased in number, but use of the facilities have, it is clear that the vast majority using facilities are local Alaskans. A look at the difference between the typical Alaskan and the typical non-Alaskan American explains why winter sporting and recreational activities are so heavily used by people living in this state.

Figure 2

Visitors by Trip Purpose – 1987



*Summer (Jun-Sep);
Winter (Nov-Mar); Shoulder (Oct,Apr,May)
Source: Data Decisions Group

Americans have become more health conscious in the 1980's, and Alaskans are no exception. Alaskans are younger and more outdoor-oriented than residents of other states. Also, Alaskans are involved in outdoor recreation of all kinds at almost five times the national average. They participate in winter sports at two-to-eight times the national average. For example, 26% of Alaskans — versus 3% of other Americans — are cross country skiers; 20% of Alaskans — versus 3% of other Americans — use off-road vehicles for recreation; and 14% — versus 6% — are alpine skiers. Alaska offers a long season and an almost ideal climate for winter recreation. Alaskans take advantage of this in large numbers.

Going to the Dogs

Sporting events attract the largest portion of winter visitors to Alaska. They come as spectators, as well as participants. Dog mushing enjoyed remarkable growth in the 1970's and the 1980's. It was declared the official state sport by the legislature in 1972. Dog sled races of sprint distance (20 to 30 miles in length) have been the backbone of winter festivals in Fairbanks and Anchorage for decades. Because of the short time period in which these races are run, people are able to watch both the start and finish of a race. Often, local businesses are patronized by the spectators during the slack periods as they await the teams at the finish line. The sprint race staged during Anchorage's winter festival, Fur Rendezvous, remains one of the largest spectator events in the state. Almost 40,000 people turn out to watch it in person. Many more watch it on local television.

Long distance races — from 200 to over 1,000 miles in length — have made a comeback in Alaska. After a heyday in the earlier part of this century, long distance races faded away until the Iditarod Sled Dog Race was developed in the 1970s. The Iditarod has created renewed interest in and growth of the sport. Further, it has spawned a host of other "Iditaraces" along the historic Iditarod trail: races involving skiers, snowshoers, bicyclists, and youngsters driving dog teams. Officials with CBS television estimated that almost 5 million people nationwide watched the finish of the 1985 Iditarod. Such widespread coverage can only help kindle interest in Alaska as a tourist destination.

With the success of the Iditarod, other long distance races have developed, including the Kuskokwim 300, which runs from Bethel to Aniak and back, and the Yukon Quest, which runs between Fairbanks and Whitehorse, Yukon Territory. Although a small group travels to Alaska from the Lower '48 for these races, local Alaskans turn out in large numbers. Another trend in the sport of dog mushing is in the growing number of small races run in local communities and villages throughout the winter months.

Other winter sporting events, held at indoor arenas and rinks, also draw large numbers of spectators. Hockey, basketball, and curling are all popular in the state. Sports promoters in Anchorage, Juneau and Fairbanks regularly draw teams and their accompanying staff and boosters from Outside by hosting national and international competitions. The majority of spectators, though, are again local Alaskans. Basketball plays a big role in many bush communities during the winter months. When competing teams travel to other communities in the state, members of the teams become winter tourists themselves.

Skiing: *The* Winter Sport

Skiing in its various forms — downhill, cross-country, and telemarking — draws the most participants of any sport in the state. It is this sport which holds the most potential for bringing in guests from the Lower 48, Europe or Asia during the winter months. Cross-country skiing, which surged in popularity during the last two decades, is responsible for the growth of many small lodges which cater to these skiers. Many of the lodges offer trails groomed for skiing, hot meals, showers, and saunas and hot tubs. The lodge operators find their market almost exclusively in Alaskans who want to get away to be weekend tourists.

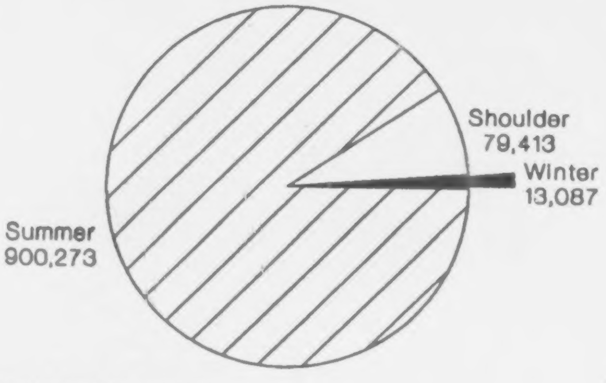
The owner of Hatcher Pass Lodge in the Talkeetna Mountains says that he can count on his fingers the number of non-Alaskan tourists who have in recent years vacationed at his lodge. But business at his lodge has grown 10 to 20% per year over the last several years. He estimates that winter activity in the Hatcher Pass area has doubled, or even tripled, in the last 15 years. On any given winter weekend, the area is used not only by cross-country, telemark and downhill skiers, but also by winter enthusiasts who mush dogs, parasail, snow machine, sled, and snowboard.

The numbers of people visiting 'all parks' in the state drop during the winter months, compared to the summer months. (See Figures 3 and 4.) ('All parks' means, for the purposes of this article, both 'unofficial' parks [state lands which are not dedicated park lands but are used for that purpose by the public] and the official state and federal park lands.) Trail systems in the parks are used extensively in the winter by cross-country skiers, dog

Skiing holds the most potential for drawing the international tourist here during winter

Figure 3

Visitors to Major National Parks by Season – 1987



•Summer (Jun-Sep); Winter (Nov-Mar); Shoulder (Oct, Apr, May)
Source: National Park Service

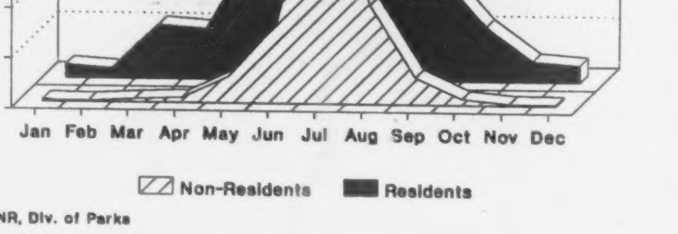
mushers, and by those using snow machines and snowshoes. Probably the lone exception to this trend of fewer winter park visitors is the Alaska Chilkat Bald Eagle Preserve near Haines. When the greatest number of eagles flock to the Chilkat River for salmon (during the months of October, November and December), the greatest number of visitors flock there, also.

Year-round use a goal for winter resorts

While downhill ski resorts have great potential for drawing tourists from outside the state, it is mostly Alaskans who currently patronize them. The largest downhill resort, Alyeska, is just 40 miles south of Anchorage and pulls about 99% of its skiers from the Anchorage, MatSu, and Kenai Peninsula region. The number of "skier visits" (lift tickets sold) has grown steadily over recent years. During the 1987-88 season, Alyeska registered 160,000 skier visits. (Expansion plans currently underway at the resort are discussed later in this article.) The few other facilities scattered around the state are also heavily used. The number of skiers at Hilltop in Anchorage increased from 38,000 in its first year of operation, 1983-84, to 53,000 in the 1987-88 season. That increase came in spite of a recession in the economy and a considerable drop in that region's population. It is statistics like these that lead many people to believe that there is a market for additional ski facilities in Alaska.

Figure 4

State Park Visitors – 1987



Source: Alaska DNR, Div. of Parks

An important goal of many winter resorts is to improve their profitability by increasing and diversifying their facility's use. Snow-making equipment can help stretch the skiing season to some extent. Another way to increase use of a facility is to operate the ski lifts year-round. Alyeska, for example, operates a ski lift during the summer months; 35,000 summer tourists rode the lift in the summer of 1986 to gain a summertime scenic view from the mountaintop. If a winter facility can diversify by selling both summer and winter recreation, it can prove itself a more profitable enterprise.

There's More: Luge, Northern Lights....

In addition to the common winter sports, Alaska also hosts unusual winter activities. The luge track in Fairbanks is one of only three such tracks in the U.S. The Fairbanks club that operates it offers rides to the public between Thanksgiving and March. Heliskiing — flying to the top of a mountain or icefield in a helicopter and then skiing to the bottom — is becoming popular and can be enjoyed year-round. Recent negative cost factors, however, have reined in customer traffic for both heliskiing and another popular winter activity, hot air ballooning. It has been huge increases in insurance rates which have slowed the growth of these sports.

The aurora borealis, or northern lights, is a phenomenon unique to the northern regions and a possible resource that could be exploited for the purposes of boosting winter tourism. The northern lights have become a marketable item for hot springs resorts located near Fairbanks. Area resorts there promote their facilities in the winter not only for cross-country skiing and for the springs themselves, but also as excellent vantage points for the viewing of the famous phenomenon.

Further, operators of Chena Hot Springs report that their customer base is diversifying. Increasing numbers of Japanese are patronizing the springs, and more people on organized tours are stopping there. In past years, Chena Hot Springs' primary customer has been the Alaskan.

And ice climbers from around the world have adopted Valdez as a favorite destination for the 50 frozen waterfalls located near that city in Keystone Canyon. Climbers from as far as Austria and New Zealand have been drawn to Valdez's Ice Climbing Festival. The festival is an annual event that has been staged every February since 1983 by the community of Valdez.

Another trend in the business of Alaska winter tourism is the burgeoning popularity of 'adventure trips.' These adventures include heliskiing, skiing Mt. McKinley, and travelling and camping via dogsled over considerable distances into the backcountry. One adventure business in Fairbanks offers a variety of trips, including a two-hour sled dog tour of the local area and a $2,200 package of glacier skiing for seven people. The number of travelers drawn by 'adventure trips' is probably quite small now. There may be, though, significant future traffic in this niche of the tourism business.

Winter Festivals and Conventions, Too

An alternative for tourists seeking entertainment other than outdoor winter recreation are the festivals and carnivals held in both large and small towns throughout the state. Fur Rondy in Anchorage, Taku Rondy in Juneau, and the Fairbanks Ice Festival host sporting events but also offer many other tourist-drawing activities — including parades, fur auctions, arts and crafts exhibits, snow and ice sculpting competitions, dinners, dances, and more. Some guests from outside Alaska are attracted to these festivals. One survey showed that over 13% of airline passengers arriving in Anchorage during the month of February were coming to attend or participate in Fur Rendezvous. Festivals smaller than the ones held in Anchorage, Juneau and Fairbanks, but just as important to their townspeople, include the Iceworm Festival in Cordova and the Beaver Roundup in Dillingham. Another, the Festival of Native Arts in Fairbanks, an annual event in its 16th year, last year attracted 13,000 people from throughout Alaska and Canada.

Conventions bring a measurable number of visitors to Alaska in the winter, too. Fairbanks, Anchorage and Juneau all host conventions during both the winter and summer seasons. Revenues raised in Anchorage via that city's hotel/bed tax have been twice as great in the 2nd and 3rd quarters of 1988 and 1987 than in the 1st and 4th quarters of 1988 and 1987. (See Figure 5.) Juneau's revenue picture is different. That city's bed tax revenues have been highest in the October/November/December quarter. (Again, see Figure 5.)

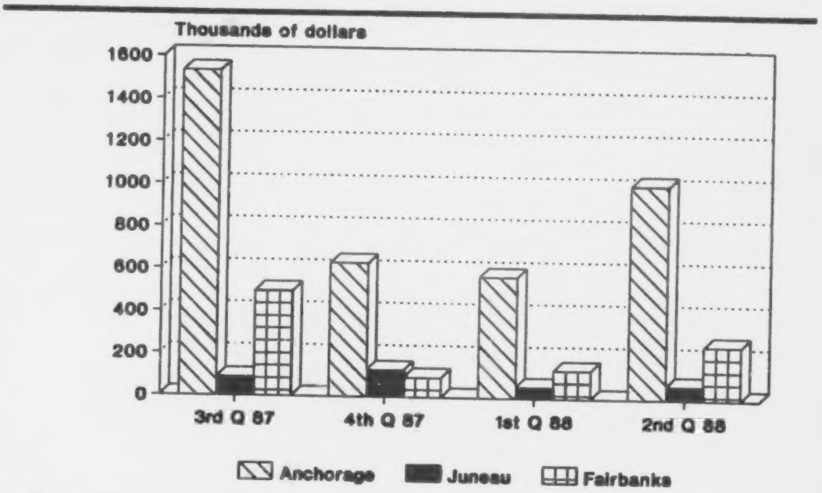
Winter tourism industry dominated by small businesses

Even smaller towns bring in considerable numbers with conventions. Sitka hosted over 2,000 conventioneers last winter. And Kodiak hosts each winter a commercial fishery trade show which draws over 4,000 people.

The winter tourism industry is dominated by small business operators and is currently patronized mostly by Alaskans. It is primarily the small business operators who lay the necessary groundwork for attracting additional winter visitors. A recent study conducted for the Municipality of Anchorage identified winter recreation as the key to stimulating that city's tourist industry during its traditionally slow winter season. Meanwhile, as the small winter business operators continue to see

Figure 5

Revenues from Bed Taxes



Source: City Finance Depts.

increases in their client numbers, a handful of large projects are being proposed in Anchorage to further boost winter tourism.

Will the Olympics Torch Be Passed to Alaska?

Alaskans first contemplated making a bid for the international winter Olympics 32 years ago when George Beyers, then the mayor of Anchorage, traveled to Chicago to offer his city as a host for the 1960 Olympics. Mayor Beyers returned without making his pitch because he didn't think Anchorage was quite ready. It was years later, in 1984, when a number of Anchorage residents attended the winter Olympics in Sarajevo that the city was deemed ready to bid for future Olympic games.

Winter Olympics: An economic jump start for winter tourism

Since then, Anchorage has offered unsuccessful bids for the 1992 and 1994 games. But city leaders proclaim that they plan to try again in 1991 for the 1998 Olympics.

Many believe the Olympics would 'jump start' an international winter tourism industry in Alaska. It's difficult to imagine that a world event of Olympic stature would not forever change the face of winter tourism in Alaska. New facilities would be built, and the worldwide exposure would be a dream come true for marketers of winter tourism in this state. An economic consulting firm, Economic Research Associates, was recently hired by the Anchorage Olympics Organizing Committee. The firm projected that 38,300 out-of-state travelers would attend the games in Anchorage. Approximately $317 million would be expended, and more than 14,700 jobs would be created before and during the games. Although the year after such an event would be anticlimactic, cumulative effects on tourism would endure for years. Though there is no way the post-Olympic impact can be accurately projected, Economic Research Associates estimated in its recent report that tourist dollars expended in the state could be as high as $1 billion eight years after the Olympics.

World-class Developers Eye Alaska Ski Slopes

Even without the prospect of the Olympics, Alaska's winter tourism industry has the potential of changing dramatically. It could go from an intrastate-dependent industry to one drawing mostly international travelers. It could go from an industry dominated by small independent operators to one dominated by international conglomerates. It would be the 1998 Olympics, however, that would provide the ultimate future backdrop for Alaska's winter tourism industry.

Anchorage's failed bids for the 1992 and 1994 Olympics did succeed, nevertheless, in catalyzing worldwide interest in Alaska as a potential destination for world-class ski/summer resorts. Indeed, two development firms are considering building two world-class, year-round resort complexes; and a third firm is planning on expanding an existing complex. If any one of these three developments moves forward as presently envisioned, winter tourism in the state will be forever changed. Following are brief descriptions of the three contemplated developments.

The most moderate proposal is the planned expansion of Girdwood's Alyeska Ski Resort. This facility is owned by the Japanese company Seibu Alaska, Inc. Alyeska is presently installing a new $2.6 million detachable quad chair lift capable of moving more than twice as many people than it now moves. In addition, the company is also adding $900,000 worth of snow-making equipment, trails, and other new features during this current ski season.

Future plans have Alyeska building a new 300-room hotel at the bottom of the mountain, along with a new 60-passenger aerial tram, and additional chair lifts. The company also plans to double the size of the eating facilities located at the top of the mountain so that 350 people can be accommodated. Planned for next summer is the construction of roads, a sewer system, and the foundation for the hotel. Completion date for these improvements is late 1991. An estimated 150 jobs and $3.1 million in payroll will be created with these projects if they are implemented. Phase two of Alyeska's expansion plans is on the drawing board. It includes more hotel space, more lifts, and additional facilities. No firm date has been set for the start or completion of this second phase.

Any comprehensive look at the Alyeska resort is incomplete without mentioning the potential development of Winner Creek Mountain. This mountain is located one mile northeast of the present Alyeska resort. Some skiing aficionados and the U.S. Forest Service believe that this mountain provides the greatest potential for major new downhill ski expansion. They believe this site would offer the best skiing because of its terrain, tree cover, size, snow, and views. And the site would complement the Alyeska resort. The two sites could be tied together providing skiers with the variety necessary to attract international business, ski team training, and competition. Throw in a golf course and other summer amenities, and it could become a major international summer/winter destination. (The potential of Winner Creek Mountain was addressed in a recently released Alyeska Resort Master Plan.)

The two new resorts being proposed are the Eagle Valley Resort by Robert Rogner of Austria, and the Hatcher Pass Alpine Ski Development by Mitsui & Company of Japan. Both of these proposals are ambitious, world-class, year-round resorts. Rogner has experience in resort developments; Mitsui is the second largest trading company in Japan. Many details remain preliminary, but the two development companies have provided enough information to provide a basic sketch.

The Eagle Valley Resort would be located in the vicinity of Eagle River, an Anchorage bedroom community located 10 miles north of that city's downtown area. Plans call for building a resort village from scratch, which would include two first-class hotels with a total of 500 rooms, nine apartment-like buildings with 1,000 units, a convention center, and a Russian Orthodox church. Commercial space for restaurants, retail shops and other tourist facilities would also be available. An integrated lift system would be built to support a comfortable carrying capacity of 11,450 skiers. Cross-country skiing, sleigh rides, sledding and other winter activities would be offered. And a wide range of summer activities are also planned to ensure year-round patronage. When completed, it would employ 900 full-time and 300 part-time workers. Total cost of the project is estimated at $230 million. The primary clientele is seen as coming from Europe, Asia, North America and Alaska. Because the Rogner group is requesting loan guarantees from the state, the state and the Rogner group have jointly hired a consulting firm. The firm is now conducting feasibility studies of an Eagle River Resort and of other possible resorts elsewhere in the state.

The other proposal, this one envisioned by Mitsui & Company, would be built at Hatcher Pass, a site located in the MatSu Borough 60 miles north of Anchorage. In March of this year Mitsui signed a 55-year lease with the state for 11,400 acres. The entire project calls for eight ski lifts, a gondola, a 300-room hotel and 900 condominiums. A golf course and other summer amenities are included, once again, to create a winter/summer resort. When all phases of the project are complete, Mitsui predicts that peak per-day traffic would be 750 out-of-state guests and 1,750 southcentral residents. Phase 1, scheduled to be finished by April 1993, would employ 344 people. When all phases are complete, Mitsui officials predict employment to reach 501. And University of Alaska officials estimate that additional spin-off development projects would create roughly 300 more jobs.

Are These Big Development Plans Feasible?

Many Alaskans question the feasibility of these development plans, considering their size. Alaskans have seen over the years many grandiose plans that never materialized.

Will any, all, or at least one of these resorts be built as presently envisioned? There is no real benchmark to use for Alaskans to make a clear judgment because no world-class resorts are now in place in this state. But there is a vast international ski market out there that only a few local residents understand. Some believe that more than 100,000 'skier visits' could be generated from Alaskans alone if more intermediate ski slopes were available. But even with this additional local patronage, there is a general consensus among many 'in the know' that all three developments could not turn a profit if they were all available for use simultaneously. So, which project is more feasible? A partial answer to this question might be provided by the joint feasibility study now being conducted for the state and Rogner group. Ultimately, the question will not be answered until a major financial commitment is made by one of the developers.

> Japanese skiers could be on Alaska slopes in one day

Compared with the other two proposed developments, Alyeska's plans are the most modest. Some of the expansion plans are already underway. But even with its Phase 1 expansion complete, the development would not fit the definition of a world-class resort.

There is a general consensus, again among many 'in the know', that until Alaska has a world-class ski resort the state will probably not put a dent in the international winter tourism market. Over and over again experts have said that without a first-class ski facility equivalent to those found elsewhere in the world, the international ski market will simply fly over Alaska.

Will the Japanese be Alaska's Primary Winter Tourist?

Will the Japanese, Koreans, Europeans and North Americans patronize an Alaskan resort in significant numbers? Only international markets can support a world-class winter/summer resort developed by a Rogner or a Mitsui. Can Alaska compete with the resorts of Vail and Aspen in Colorado? With Whistler-Blackcomb in British Columbia? With European ski resorts? Or will the lore of Alaska's long, cold winter nights remain a major barrier? Theories abound. Let's explore a few of them.

Many believe the North American market is an unlikely source of jumbo jetloads of skiers bound for Alaska. The long trip in getting to this state, coupled with stiff competition from other resorts, may be barriers too great to overcome. But the same group of skeptics believes that Europe is off limits for the same reasons. Adventure-seeking tour groups departing from various locations in North America and Europe may be attracted, but these groups initially will not be large enough to support a world-scale resort.

However, Japan as a market is quite another story. On the one hand, just because Alyeska and Mitsui are Japanese-owned companies does not automatically guarantee a customer base from Japan. Underscoring this impression is the experience of Victoria Limited, the largest Japanese manufacturer of ski equipment. The company recently purchased Breckenridge Ski Resort in Colorado. Victoria Limited has no immediate plans to market the resort in Japan. Alyeska has been owned by Seibu for years and its customer base has remained strictly southcentral Alaska. On the other hand, however, these companies have a clearer understanding of the potential of the Japanese market. The companies have the business contacts. And equally important, the companies have the financial clout to exploit the potential market.

Alaska's arctic climate a marketing challenge

Further, a compelling advantage for the Japanese investors is Alaska's location relative to the Japanese market. Skiers from Japan could theoretically ski Alaska slopes on the same day they leave home. Alyeska and the other two proposed resorts are within 90 minutes' drive time of the Anchorage International Airport. With the exception of British Columbia, most of the international ski resorts require one or two full days' travel from Japan.

Another new development makes even more feasible an increasing Japanese presence in Alaska. The new Visa Waiver Pilot Program, which began in December, makes it easier for the Japanese to visit Alaska. Japanese travelers will no longer need visas to enter Alaska, and they will be allowed to stay up to 90 days.

Skiing is growing in popularity in Japan. The 1972 winter Olympics held in Sapporo undoubtedly helped boost interest in the sport. There are an estimated 10 million-plus skiers in the island nation. These skiers are believed to have not yet made a dent in the international market. According to Victoria Limited, only 10,000 Japanese travelled to North America or Europe last year for the primary purpose of skiing. Most of these skiers ended up in British Columbia, in Calgary Alberta, and in Europe. This could mean that there is a giant, untapped international market for Japanese skiers, or that there might be resistance among the Japanese to go international to ski.

Because Japan is now flush with cash, investors there have the financial wherewithal to make a large investment if the opportunity were right. As Alaska's largest foreign investor, Japan has had considerable experience with this state. For these and the other aforementioned reasons, if there is ever to be an international ski resort in Alaska its market will primarily be Japan and, eventually, other nations on the Pacific Rim.

Does the Weather Keep Visitors Away?

Will the lore of Alaska's long, cold, dark winter nights dash Alaska's ability to create a viable international winter tourist industry? Many contend that Alaska's weather is a major stumbling block to virtually all economic development in the state, not just to winter tourism. The Alaska Division of Tourism is constantly fighting Alaska's image of the "land of snow and ice." They believe that this damaging image remains a major barrier for all tourism in the state. The recent international media coverage of the ice-trapped whales near Barrow might have reinforced this erroneous image of Alaska.

Most people in the tourism industry regard Alaska's arctic climate as a marketing problem, but conclude that it can be surmounted and even used to the industry's advantage. The tough months to sell are between November and February. Optimists argue that there is plenty of natural light even during these mid-winter months. There is enough natural light, they contend, for the rapidly moving lifts to allow the average skier his usual five hours' time on the slopes. The optimists also point out that Alaska has, at the very least, a six-month skiing season. That length of time compares favorably to most other locations, which average only four months.

Other observers of Alaska's winter tourism industry have focused their marketing ideas on the spring skiing months — between late February and May. The weather is milder then, and the days are longer. Additional spring attractions for Alaska tourists are, for example, the Iditarod, the Fur Rendezvous, the Yukon Quest, and the Fairbanks Ice Festival. And during the latter part of the winter ski season, tourists' skiing experiences could be complemented by yet other activities, such as rafting, hiking and fishing.

Summer snow-skiing offers additional potential. While it is still a small industry, it has become quite popular in recent years at Mount Bachelor and Mount Hood in Oregon. Alaska's potential for this niche of the market is almost limitless because glaciers are required. Winner Creek, for example, offers fine summer skiing opportunities. This year, a new training center facility was built at Eagle Glaicer, providing the world's lowest altitude, on-snow site for summer biathlon and nordic ski training.

Winter Tourism Without Big Resorts: Gradual Instead of Rapid Growth

What will happen to the winter tourism industry without any of these major developments? It will grow slowly at best, and the source of its growth will come from increasing local demand.

Some people envision networks of snow trails that could be travelled via cross-country skis, snow machine, and dog sled. The trails would be connected by huts and lodges. Some lodges already offer downhill skiing, a feature which allows them to exploit other future development possibilities. Much of the snow trails and lodge infrastructure is already in place. In many cases, coordination may be the only thing needed to complete a comprehensive network. As far as the marketability of this type of development, international customers and investors could be attracted. Norway and other countries have similar developments which draw a mixed local and international crowd. This type of development is an evolutionary one, occurring over a span longer than three or four years.

Despite the state's current poor economic climate, recent trends appear to justify increased development of winter recreational facilities. The demand on the Hatcher Pass facilities continues to grow. And the Willow Creek Ski Association of Fairbanks plans to develop a new alpine ski site on Ester Dome. This development is aimed at the regional market.

There are plans to develop more land in Denali State Park — South Denali — that would offer even more winter recreational opportunities. Developing the park would provide more access to visitors and would relieve the growing pressure on the park's summer season. Possible development of South Denali would also offer a variety of winter sports opportunities, particularly for accommodating the growing popularity of cross-country skiing. The park, accessible by road and train, offers extraordinary views of the Alaska Range.

An increasing number of communities in the state are promoting their towns as destinations for the winter months, as well as the summer. This marketing effort should give rise to additional winter recreational opportunities in the communities. In many of these Alaskan communities, individual investors are laying plans for the development of small scale resorts, again aimed at the winter recreational user.

Is There Change in the Wind?

Today, Alaska's winter tourism industry caters largely to Alaskans. Many of the current winter events and recreational opportunities are regionally oriented, catering only to the local area residents. A sizeable winter tourism industry is in place in this state primarily because Alaskans make more time for play in the winter months than do other Americans elsewhere in the U.S.

Recent trends might justify further development of winter recreational facilities

Indeed, Alaska does attract nonresident winter tourists, but their primary purpose in this state is oriented toward conducting business in Alaska or toward visiting relatives. Few visitors come to exclusively avail themselves of this state's winter recreation facilities.

If any of the aforementioned developers' plans discussed earlier in this article actually materialize in the not-too-distant future, increasing numbers of nonresident winter tourists would be wooed here. The primary reason for many of the winter tourists' visits to Alaska would then be to take advantage of the winter recreational opportunities.

If, on the other hand, these large developments do not pan out, further development of the winter tourism industry will surely occur, but it will evolve much more slowly.

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Alaska's Native Population: An Updated Profile

By Greg Williams

The proportion of non-Natives dropped 2.8% between 1980 & 1987

Native & Non-Native Population Estimates, 1980-87:

This article presents population estimates for Alaska's major racial groups for the years 1980 through 1987.

Until now, the most recent racial statistics for Alaska have been from the 1980 census. There has since been a need for more current population estimates for the major racial groups in Alaska — Native, White and 'other.'

(For readers who want additional information on the topic, these estimates will also be included in *Alaska Population Overview: 1986 and Provisional 1987 Estimates.* This Department of Labor publication will be published in early 1989.)

Since there are few current indicators which reflect race, the estimates produced here reflect a mixture of current and historical trend data.

Throughout most of Alaska's history there has been little reliable data on Alaska Natives. This was particularly true before the 1929 Territorial Census. In 1929 there were some 29,983 Alaska Natives in Alaska. They made up 50.6% of Alaska's population. While their numbers have grown rapidly since 1929, they have not grown as fast as the non-Native population; the proportion of Alaska Natives has declined steadily over time.

The 1980 census showed that 92,123 Alaskans — or 22.9% of the state's population — considered themselves to be some race other than White. The number and proportions of persons by race and tribal group in 1980 are listed in Table 2.

Table 1

Total and Native Alaska Population, 1929-1987

Year	Native Population	% Native	Total Population
1929	29,983	50.6	59,278
1939	32,458	44.8	72,524
1950	33,863	26.3	128,643
1960	42,522	18.8	226,167
1970	50,605	16.8	203,583
1980	64,103	16.0	401,851
1987	78,600	14.6	537,800

Source: U.S. Census and Alaska Department of Labor

In 1987 there were an estimated 537,800 people in Alaska. Of these, Native Americans made up 78,600. (For the sake of clarity, all Native Americans living in Alaska will be referred to in these estimates as Alaska Natives; it is pertinent to note, however, that 0.8% of the Native Americans living in Alaska belong to continental United States tribal groups.)

Approximately one-half of the Alaska Native Americans who hail from tribes of the Lower '48 were born in Alaska. Conversely, approximately 20,000 Alaska Natives, or 20% of all Alaska Natives, are estimated to be living outside of this state.

Because of the economic boom of the early 1980's, which brought many non-Natives to Alaska, the proportion of Alaska Natives to non-Natives dropped from 16% in 1980 to 14.8% in 1987.

The Alaska White population accounted for 418,700 persons — 77.9% — in 1987. Other races, primarily Asian, Pacific Islanders and Blacks, accounted for 40,500 persons — 7.5% — of the 1987 population. These groups of 'other races' are up from 27,521 — or 6.9% — in 1980.

The Black population of Alaska is primarily employed by the military. The number of Blacks living in Alaska during 1987 were very uncertain. Equally uncertain was the size of the Asian population of Alaska. But it is known that there has been a substantial Asian immigration to Alaska during this decade. In 1986 alone some 1,115 immigrants were admitted to Alaska. Fifty-nine percent of these were from Asian countries, and 52% were from the Phillipines and Korea. This immigration may be reflected in a disproportionate growth for Asian and Pacific Islanders. Based on the historic pattern of immigration of Asians, coupled with the estimated births and deaths of Blacks and Asians in Alaska, a crude estimate of the number of these minorities living in the state in 1987 is: 16,400 Blacks (3.0%), and 13,100 Asian and Pacific Islanders (2.4%).

Natives of working age support more household members

Population estimates for Alaska by age, race and sex are presented in Tables 3 and 4 for 1980 and 1987, respectively. Figure 1 shows Alaska's 1987 population by age, race and sex. Figure 2 compares the percentage distribution of Alaska's Native and White populations.

While Alaska Natives currently make up 14.6% of Alaska's total population, they represent far more of the population in certain specific age groups. For instance, Table 4 shows that 21.5% of the Alaska population under age 5 is Native. And Natives make up 18.6% of the state's population who are over age 65.

The approximate total population between ages 5 and 13 — those persons of elementary and junior high school age — is 78,700. This group is composed of: 73.3% White, 18.4% Alaska Native, and 8.3% other races. The approximate total population of high school-age children between the ages of 14 and 17 is 31,300. This group is composed of: 74.6% White, 17.6% Alaska Native, and 7.8% other races. (See Table 4.)

There are approximately 19,200 elderly in the state. They are: 76.8% White, 18.6% Alaska Native, and 4.6% other races. (Again, see Table 4.)

There is a significant disparity between the age of Alaska Natives compared to non-Natives. Alaska Natives make up 49,420 — or only 12.8% — of the state's working age population. Further, Natives make up 46,575 — or only 12.5% — of the state's 18-plus voting age population. This difference in the age structure places a large burden on Alaska Natives of working age. This difference means that for every 100 Native persons of working age (18 and over), there are 74.5 youth and 8.3 elderly persons to be supported. In contrast, for every 100 White Alaskans in the working ages (18 and over), there are only 43.1 youth and 5.2 elderly persons to be supported. Additionally significant is the fact that the average income in the more heavily Native census areas of the state have not grown at the same rate as the more White urban areas of the state. Thus, Alaska

Alaskan Blacks primarily employed by military

Table 2

Population by Race and Tribal Group, 1980

Total	401,851	(100.0%)
White	309,728	(77.0%)
Native American	64,103	(16.0%)
Eskimo	34,144	(8.5%)
Inupiaq	14,539	(3.6%)*
Yupik	19,604	(4.9%)*
American Indian	21,869	(5.4%)
Athabaskan	9,300	(2.3%)*
Tlingit	7,192	(1.8%)*
Haida	1,011	(0.3%)*
Tsimshian	1,208	(0.3%)*
Other North American tribes	3,157	(0.8%)*
Aleut	8,090	(2.0%)
Other races	27,521	(6.9%)
Black	13,144	(3.3%)
Asian and Pacific Islanders	8,054	(2.0%)
Other and unknown races	6,323	(1.6%)

Sources: 1980 Census of Population, and Housing and special U.S. Census tabulations.

* Alaska Department of Labor estimate based on adjustment of U.S. Census data.

Table 3

Alaska Population by Age, Race, and Sex: April 1, 1980

	Total			White				Alaska Native			
	April 1, 1980			April 1, 1980				April 1, 1980			
Age	Total	Male	Female	Total	Male	Female	% of Age Group	Total	Male	Female	% of Age Group
0-4	38,949	20,040	18,909	28,216	14,530	13,686	72.4	7,320	3,780	3,540	18.8
5-9	35,043	17,943	17,100	25,373	13,046	12,327	72.4	6,867	3,477	3,390	19.6
10-14	34,282	17,720	16,562	24,662	12,798	11,864	71.9	7,495	3,857	3,638	21.9
15-19	37,154	19,819	17,335	26,453	14,270	12,183	71.2	8,346	4,255	4,091	22.5
20-24	45,090	24,186	20,904	34,170	18,317	15,853	75.8	6,899	3,454	3,445	15.3
25-29	48,645	25,564	23,081	39,000	20,534	18,466	80.2	5,639	2,841	2,798	11.6
30-34	42,163	22,676	19,487	34,879	18,966	15,913	82.7	4,373	2,194	2,179	10.4
35-39	31,316	17,077	14,239	25,993	14,359	11,634	83.0	3,458	1,739	1,719	11.0
40-44	22,706	12,484	10,222	18,470	10,304	8,166	81.3	2,883	1,473	1,410	12.7
45-49	18,404	9,982	8,422	14,793	8,154	6,639	80.4	2,654	1,354	1,300	14.4
50-54	15,839	8,711	7,128	12,903	7,247	5,656	81.5	2,179	1,104	1,075	13.8
55-59	12,617	6,777	5,840	10,237	5,534	4,703	81.1	1,802	945	857	14.3
60-64	8,096	4,303	3,793	6,442	3,510	2,932	79.6	1,307	628	679	16.1
65-69	5,206	2,740	2,466	3,773	2,008	1,765	72.5	1,198	599	599	23.0
70-74	3,106	1,538	1,568	2,187	1,057	1,130	70.4	764	389	375	24.6
75-79	1,845	883	962	1,241	573	668	67.3	522	264	258	28.3
80-84	771	351	420	525	236	289	68.1	209	96	113	27.1
85 +	619	247	372	411	146	265	66.4	188	93	95	30.4
Total	401,851	213,041	188,810	309,728	165,589	144,139	77.1	64,103	32,542	31,561	16.0
Selected Ages											
5-13	62,363	31,970	30,393	45,230	23,304	21,926	72.5	12,630	6,409	6,221	20.3
14-17	29,433	15,507	13,926	20,732	10,971	9,761	70.4	6,992	3,642	3,350	23.8
18-24	59,773	32,191	27,582	44,696	24,156	20,540	74.8	9,985	4,992	4,993	16.7
16 +	286,197	153,514	132,683	226,296	122,528	103,768	79.1	40,668	20,514	20,154	14.2
18 +	271,106	145,524	125,582	215,550	116,784	98,766	79.5	37,161	18,711	18,450	13.7
65 +	11,547	5,759	5,788	8,137	4,020	4,117	70.5	2,881	1,441	1,440	25.0
Median Age	26.0	26.3	25.7	27.0	27.4	26.6		21.4	21.3	21.5	
U.S. Median Age	30.0	28.8	31.3	30.9	29.6	32.3		N/A	N/A	N/A	

Source: Alaska Department of Labor, Research & Analysis, Demographics
U.S. Bureau of the Census

Natives' birth rate high

Natives must make scarce resources go even farther.

With regard to Alaska female numbers: In 1987 females made up 47.7% of Alaska's White population and 49.8% of Alaska's Native population. In that same year, females made up 51.2% of the U.S. population.

Components of Change: Native Births Remain High; Movement Low

While there has historically been a large migration flow of Alaska Natives to and from the state each year, these flows have been pretty well balanced. The net effect produces an almost negligible gain or loss of Alaska Natives each year due to migration.

Almost all the growth in the Alaska Native population in recent years has been due to natural increase. Birth rates among Alaska Natives are currently very high. In 1987 the birth rate for Alaska Natives was 32.6 per 1,000; the death rate in that same year was 6.7 per 1,000; together, these rates made for a natural increase of 2.6% per year. In 1970 the average number of children for Alaska Native families was 4.5. In 1976 the number declined to a low of 2.7. Since then the numbers have been slowly rising each year. Currently, the average number of children for Alaska Natives is 3.57.

In contrast, the birth rate for White Alaskans in 1987 was 19.6 per 1,000; the death rate was 3.4 per 1,000; together, this made for a natural

Table 4

Alaska Population Estimates by Age, Race and Sex, 1987

	Total Estimate			White Estimate				Alaska Native Estimate			
	July 1, 1987			July 1, 1987				July 1, 1987			
Age	Total	Male	Female	Total	Male	Female	% of Age Group	Total	Male	Female	% of Age Group
0-4	56,288	29,037	27,251	40,672	21,033	19,639	72.3	12,085	6,183	5,902	21.5
5-9	47,807	24,890	22,917	35,061	18,259	16,802	73.3	8,899	4,622	4,277	18.6
10-14	38,674	19,849	18,825	28,382	14,625	13,757	73.4	6,884	3,519	3,365	17.8
15-19	38,204	20,163	18,041	28,547	15,221	13,326	74.7	6,881	3,488	3,393	18.0
20-24	47,928	25,723	22,205	36,141	19,533	16,608	75.4	8,309	4,264	4,045	17.3
25-29	60,839	31,647	29,192	47,621	24,758	22,863	78.3	7,329	3,495	3,834	12.0
30-34	62,595	31,748	30,847	50,441	25,595	24,846	80.6	6,462	3,087	3,375	10.3
35-39	54,032	28,275	25,757	44,726	23,553	21,173	82.8	5,003	2,472	2,531	9.3
40-44	37,473	20,098	17,375	31,494	17,071	14,423	84.0	3,547	1,771	1,776	9.5
45-49	26,640	14,451	12,189	22,019	12,065	9,954	82.7	2,921	1,504	1,417	11.0
50-54	19,562	10,399	9,163	15,802	8,544	7,258	80.8	2,646	1,317	1,329	13.5
55-59	16,054	8,524	7,530	12,974	7,017	5,957	80.8	2,263	1,131	1,132	14.1
60-64	12,511	6,379	6,132	10,084	5,163	4,921	80.6	1,801	919	882	14.4
65-69	8,302	3,956	4,346	6,686	3,178	3,508	80.5	1,277	640	637	15.4
70-74	5,032	2,294	2,738	3,879	1,762	2,117	77.1	961	460	501	19.1
75-79	3,201	1,538	1,663	2,278	1,082	1,196	71.2	716	329	387	22.4
80-84	1,553	672	881	1,076	446	630	69.3	401	179	222	25.8
85+	1,105	264	841	817	152	665	73.9	215	95	120	19.5
Total	537,800	279,907	257,893	418,700	219,057	199,643	77.9	78,600	39,475	39,125	14.6
Selected Ages											
5-13	78,719	40,776	37,943	57,693	29,945	27,748	73.3	14,448	7,458	6,990	18.4
14-17	31,287	16,260	15,027	23,339	12,210	11,129	74.6	5,492	2,789	2,703	17.6
18-24	62,607	33,589	29,018	47,099	25,483	21,616	75.2	11,033	5,646	5,387	17.6
16+	387,164	202,055	185,109	308,681	162,078	146,603	79.7	49,420	24,479	24,941	12.8
18+	371,506	193,834	177,672	296,996	155,869	141,127	79.9	46,575	23,045	23,530	12.5
65+	19,193	8,724	10,469	14,736	6,620	8,116	76.8	3,570	1,703	1,867	18.6
Median Age	28.3	28.2	28.4	29.3	29.2	29.3		22.8	22.3	23.3	
U.S. Median Age	32.1	30.9	33.3	33.0	31.8	34.2	N/A	N/A	N/A		

Source: Alaska Department of Labor, Research and Analysis, Demographics, 11/16/88

increase of 1.6%. The average number of White Alaskan children in 1987 was 2.07. The size of White families in Alaska has been about the same since the mid-1970's.

Nationwide, the birth rate is 16 per 1,000 and the death rate is 9 per 1,000, making for a natural increase of .7%. The average number of children per U.S. family in 1987, as reflected by the total fertility rate, was 1.87. This number was 3.7 at the height of the baby boom; since about 1987 it has been about 1.7-to-1.8.

Alaskans are younger

Alaska's population is younger than the nation's. Further, Alaska's Native population is much younger than the Alaska White population because of the Natives' high fertility rate. The following data attests to this: The 1987 median age for the U.S. was 31.8 for White males and 34.2 for White females. The '87 median age for Alaska was 29.2 for White males and 29.3 for White females. By contrast, the 1987 median age for Alaska Native males was 22.3, and the median age for Alaska Native females was 23.3 years.

The difference in the distribution of the White and Alaska Native populations can be seen in Figure 2. The reader can clearly see the effect of high fertility in the Alaska Native population, as well as the large numbers of White Alaskans ages 20-to-40 (represented by the large bulge in the diagram).

Since statistics on migration by race do not exist, a mixture of current and historic trend data has been used to generate the race estimates for labor market regions, borough and census areas, and Alaska Native regional corporations.

In the case of Anchorage the proportion of Natives are reported using Anchorage city planning department survey results, which asked race of a large sample of persons. Since place estimates are currently complete only for 1986, the geographic distribution numbers for Alaska Natives is current for 1986 only. State estimates, however, are current for 1987. And while estimates are shown to the last digit, it should not be assumed that they are accurate to that level.

Table 5 shows that Alaska Natives have increased in numbers in all boroughs and census areas since 1980. The largest numerical increases have occurred in the Municipality of Anchorage (up 2,445), Bethel Census Area (up 1,459), Nome Census Area (up 927), Fairbanks North Star Borough (up 895), Dillingham Census Area (up 740), Northwest Arctic Borough (up 735), Wade Hampton Census Area (up 735), and the North Slope Borough (up 706).

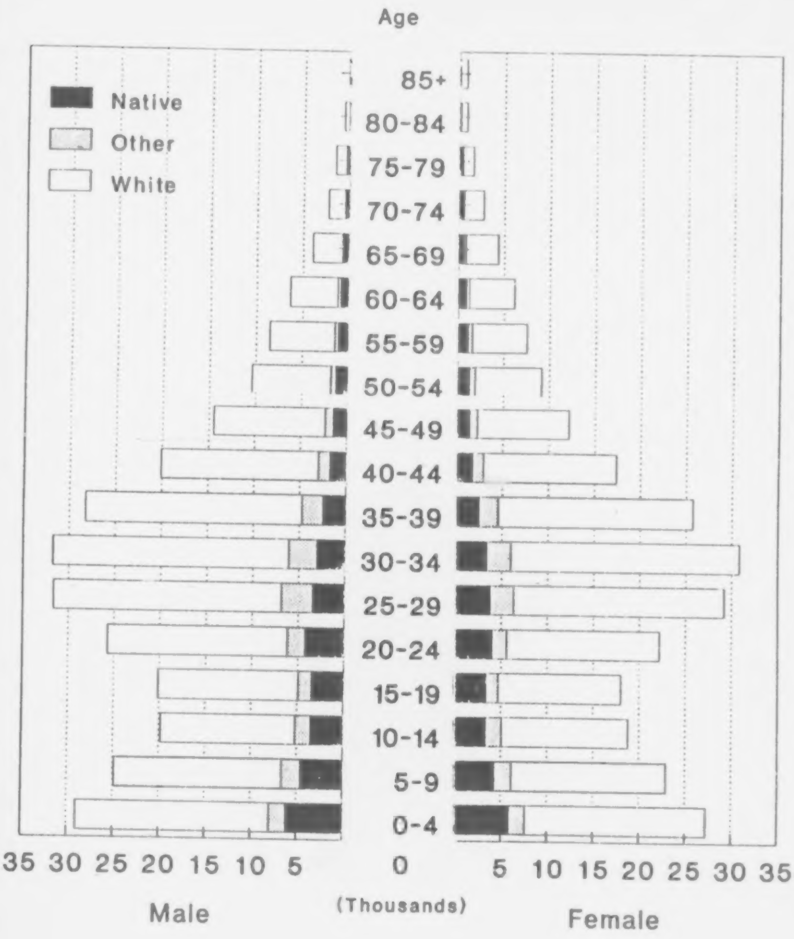
More Alaska Natives now live in Anchorage (11,398) than in any other borough or census area. The Bethel Census Area, which had in 1980 the largest number of Alaska Natives, dropped to second place in 1986 with a population number of 10,706.

Yet, between 1980 and 1986, the number of Alaska Natives declined as a proportion of the population in almost every census area. Only in the Skagway-Yakutat-Angoon, Sitka, Bristol Bay, and Southeast Fairbanks census areas did the proportion of Natives increase.

In 1986, 39,854 — or 50.7% — of all Alaska Natives still lived largely in Native census areas where Natives make up more than one-half of the population. This is a slight decline from 1980 when this percentage was 53.0. At the other extreme, 18,724 (23.8%) Alaska Natives lived in census areas with a Native population of less than 6%. That's an increase of 1.4% over 1980 when only 22.4% of the Native population lived in these areas.

Figure 1

Alaska Population By Age, Race & Sex – 1987



Alaska Department of Labor, 1988.

Geographically, the Alaska Native population has shown relatively small re-distribution since 1980. In 1980 15% of the Alaska Native population lived in the Anchorage labor market area; by 1986 that proportion had risen to 16.3%.

Slight proportional increases were also seen in the Gulf Coast and Interior regions. Specifically, there have been relative gains among Alaska Natives in: the Municipality of Anchorage, Matanuska-Susitna Borough, Kenai Borough, Fairbanks-North Star Borough, Southeast Fairbanks Census Area, North Slope Borough, and the Prince of Wales-Outer Ketchikan Census Area.

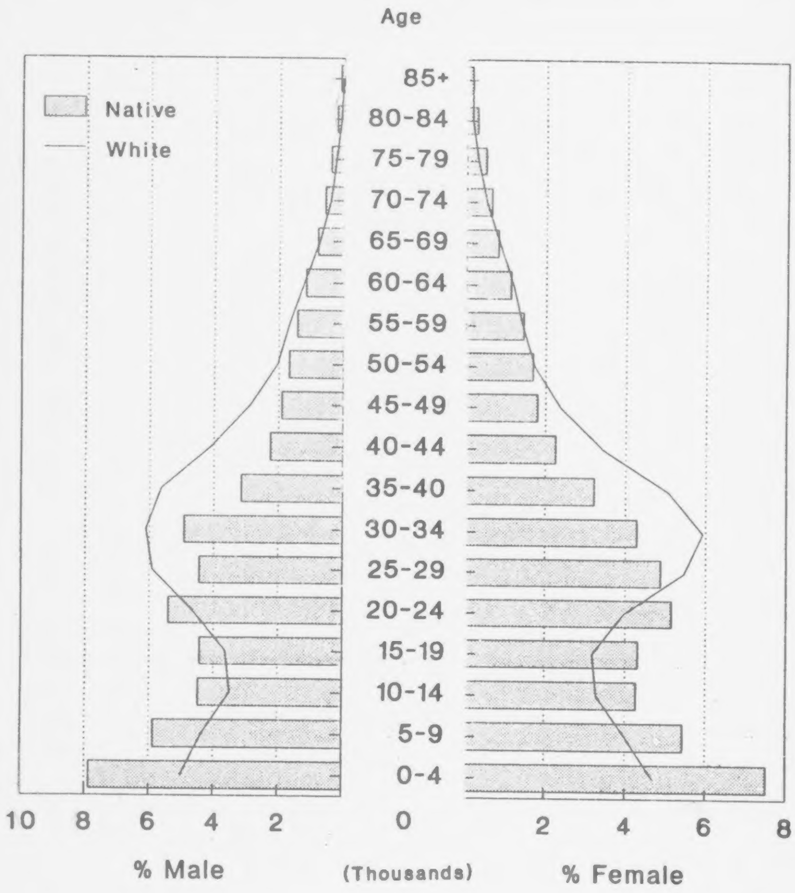
The proportion of the state's total Native population declined in all other regions and census areas. In part, the changing geographic distribution reflects a gradual expected movement of Alaska Natives from small rural Native villages to larger — mainly White — urban centers. It is significant that the numbers of Natives moving to urban areas remained relatively low during this period of overall rapid urban growth. These relatively small changes support the strong desire of many Alaska Natives to retain traditional styles of life.

The 12 Alaska Native regional corporations include all areas of the state except the Annette Island Reserve. The total estimated number of Alaska Natives living within the geographic areas held by the regional corporations are shown in Table 5. The estimates of Native population living within these regions do not necessarily represent shareholder numbers of that corporation.

There has been little change in the distribution of the Alaska Native population within the different corporate regions. An increase in the proportion of Natives living inside the Cook Inlet region is a result of the growth of the proportion of Natives living in Anchorage. The numbers of Alaska Natives living in the Calista and Sealaska regions have declined slightly.

Figure 2

Alaska Native & White Population Percent Distribution by Age & Sex – 1987



Alaska Department Of Labor, 1988.

Table 5

Borough and Census Area Population by Race and Labor Market Area, 1980 & 1986

	July 1 1986 Estimates Total Population	July 1 1986 Estimates Alaska Native	July 1 1986 % Alaska Native	July 1 1986 Alaska Native as a % of State Total	April 1 1980 Census Total Population	April 1 1980 Census Alaska Native	April 1 1980 % Alaska Native	April 1 1980 Alaska Native as a % of State Total	Change in % Alaska Native 1980-86	Change in % Alaska Native 1980-86	Change in Geographical Distribution Alaska Native 1980-86
The State of Alaska	547,600	76,900	14.0	100.0	401,851	64,103	16.0	100.0	12,797	-1.9	0.0
Anchorage/Matanuska-Susitna Region	275,781	12,512	4.5	16.3	192,247	9,641	5.0	15.0	2,871	-0.5	1.2
Anchorage Borough	236,934	11,398	4.8	14.8	174,431	8,953	5.1	14.0	2,445	-0.3	0.9
Matanuska-Susitna Borough	38,847	1,114	2.9	1.4	17,816	688	3.9	1.1	426	-1.0	0.4
Gulf Coast Region	62,805	5,699	9.1	7.4	43,569	4,682	10.7	7.3	1,017	-1.7	0.1
Kenai Peninsula Borough	40,414	2,330	5.8	3.0	25,282	1,738	6.9	2.7	592	-1.1	0.3
Kodiak Island Borough	13,561	2,264	16.7	2.9	9,939	1,884	19.0	2.9	380	-2.3	0.0
Valdez-Cordova Census Area	8,830	1,105	12.5	1.4	8,348	1,060	12.7	1.7	45	-0.2	-0.2
Interior Region	89,715	9,738	10.9	12.7	67,532	8,078	12.0	12.6	1,660	-1.1	0.1
Fairbanks-Northstar Borough	73,540	3,882	5.3	5.0	53,983	2,987	5.5	4.7	895	-0.3	0.4
Southeast Fairbanks Census Area	6,822	930	13.6	1.2	5,676	725	12.8	1.1	205	0.9	0.1
Yukon-Koyukuk Census Area	9,353	4,926	52.7	6.4	7,873	4,366	55.5	6.8	560	-2.8	-0.4
Northern Region	19,441	14,880	76.5	19.3	15,567	12,512	80.4	19.5	2,368	-3.8	-0.2
Nome Census Area	7,911	6,101	77.1	7.9	6,537	5,174	79.1	8.1	927	-2.0	-0.1
North Slope Borough	5,520	3,931	71.2	5.1	4,199	3,225	76.8	5.0	706	-5.6	0.1
Northwest Arctic Borough	6,010	4,848	80.7	6.3	4,831	4,113	85.1	6.4	735	-4.5	-0.1
Southeast Region	64,437	11,303	17.5	14.7	53,794	9,782	18.2	15.3	1,521	-0.6	-0.6
Haines Borough	1,881	240	12.8	0.3	1,680	214	12.7	0.3	26	0.0	-0.0
Juneau Borough	26,422	2,642	10.0	3.4	19,528	2,190	11.2	3.4	452	-1.2	0.0
Ketchikan Gateway Borough	12,436	1,467	11.8	1.9	11,316	1,406	12.4	2.2	61	-0.6	-0.3
Prince of Wales-Outer Ketchikan C.A.	5,023	2,151	42.8	2.8	3,822	1,651	43.2	2.6	500	-0.4	0.2
Sitka Census Area	8,102	1,823	22.5	2.4	7,803	1,669	21.4	2.6	154	1.1	-0.2
Skagway-Yakutat-Angoon Census Area	3,784	1,684	44.5	2.2	3,478	1,462	42.0	2.3	222	2.5	-0.1
Wrangell-Petersburg Census Area	6,789	1,296	19.1	1.7	6,167	1,190	19.3	1.9	106	-0.2	-0.2
Southwest Region	35,421	22,768	64.3	29.6	29,142	19,408	66.6	30.3	3,360	-2.3	-0.7
Aleutian Islands Census Area	9,296	2,280	24.5	3.0	7,768	1,934	24.9	3.0	346	-0.4	-0.1
Bethel Census Area	13,163	10,706	81.3	13.9	10,999	9,247	84.1	14.4	1,459	-2.7	-0.5
Bristol Bay Borough	1,297	440	33.9	0.6	1,094	360	32.9	0.6	80	1.0	0.0
Dillingham Census Area	5,950	4,260	71.6	5.5	4,616	3,520	76.3	5.5	740	-4.7	0.0
Wade Hampton Census Area	5,715	5,082	88.9	6.6	4,665	4,347	93.2	6.8	735	-4.3	-0.2

Source: Alaska Department of Labor, Research and Analysis, Demographics, 11/16/88

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Numerically, the largest growth in Native population within the corporate regions has occurred in Cook Inlet (up 3,370), Calista (up 2,194), Doyon (up 1,645) and Sealaska (up 1,645). The remaining regions grew by less than 1,000 each between 1980 and 1986.

Proportion of Native Population Continues to Decline

While the number of Alaska Natives have increased significantly between 1980 and 1987, their proportion of the state's population continues to decline because of the large immigration of non-Natives to Alaska. With the exception of a small rural-to-urban movement, the geographic distribution of the Native population has remained relatively stable. These trends may well continue over the next few years.

Table 6

Persons by Race Within Alaska Native Regional Corporations, 1980 & 1986

	July 1 1986 Estimates Total Population	July 1 1986 Estimates Alaska Native	July 1 1986 % Alaska Native	July 1 1986 Alaska Native as a % of State Total	April 1 1980 Census Total Population	April 1 1980 Census Alaska Native	April 1 1980 % Alaska Native	April 1 1980 Alaska Native as a % of State Total	Change in % Alaska Native 1980-86	Change in % Alaska Native 1980-86	Change in Geographical Distribution Alaska Native 1980-86
Alaska	547,600	76,900	14.0	100.0	401,851	64,103	16.0	100.0	12,797	-1.9	0
Alaska Native Regional Corporations*	546,059	75,634	13.9	98.4	400,656	63,145	15.8	98.5	12,489	-1.9	-0.2
AHTNA Incorporated	2,997	557	18.6	0.7	2,956	549	18.6	0.9	8	0.0	-0.1
Aleut Corporation	9,296	2,280	24.5	3.0	7,768	1,934	24.9	3.0	346	-0.4	-0.1
Arctic Slope Regional Corporation	5,520	3,931	71.2	5.1	4,199	3,225	76.8	5.0	706	-5.6	0.1
Bering Straits Native Corporation	7,911	6,101	77.1	7.9	6,537	5,174	79.1	8.1	927	-2.0	-0.1
Bristol Bay Native Corporation	7,247	4,700	64.9	6.1	5,688	3,874	68.1	6.0	826	-3.3	0.1
Calista Corporation	18,878	15,788	83.6	20.5	15,664	13,594	86.8	21.2	2,194	-3.2	-0.7
Chugach Natives Incorporated	8,872	1,211	13.6	1.6	8,436	1,072	12.7	1.7	139	0.9	-0.1
Cook Inlet Regional Corporation	313,385	14,224	4.5	18.5	214,634	10,854	5.1	16.9	3,370	-0.5	1.6
Doyon Limited	89,486	9,693	10.8	12.6	67,405	8,048	11.9	12.6	1,645	-1.1	0
Koniag Incorporated	13,561	2,264	16.7	2.9	9,939	1,884	19.0	2.9	380	-2.3	0
NANA Regional Corporation	6,010	4,848	80.7	6.3	4,831	4,113	85.1	6.4	735	-4.5	-0.1
Sealaska Corporation	62,896	10,037	16.0	13.1	52,599	8,824	16.8	13.8	1,213	-0.8	-0.7

Source: Alaska Department of Labor Research & Analysis 11/15/88

* Excludes Annette Island Reserve

October Figures Show Rebound Continuing

October indicators of Alaska's ecomomic health continued to point to a revival of Alaska's overall economy. For the second month in a row, Alaska's total nonagricultural wage and salary employment showed an increased level of employment from one year ago. (See Table 1.)

October 1988 Industry Employment and Unemployment:

Employment in October was at or below September levels in all of the private sector. This was not unexpected. If employment levels follow historic patterns they will continue to drop through January. The largest overall employment losses were in seafood processing, retail trade, and in services. Seafood processing was the largest percentage loser with a 28% decline in employment.

Comparisons with October 1987 employment levels show increases nearly across the board. At the major industry levels, only the Finance-Insurance & Real Estate (FIRE) and construction industries posted losses of 300 and 1,900 jobs, respectively. These losses mean in percentage terms that FIRE employment fell by 2.9% and construction employment fell by 15.9%. While most industries seem to have bottomed out, construction has not found a sustainable employment level after the most recent construction bust.

Table 1

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/	r/		Changes From:	
	10/88	9/88	10/87	9/88	10/87
Nonag. Wage & Salary	211,800	218,600	211,700	-6,800	100
Mining	8,800	9,100	8,800	-300	0
Construction	10,000	11,000	11,900	-1,000	-1,900
Manufacturing	13,300	15,800	13,000	-2,500	300
Seafood Processing	6,500	9,000	6,400	-2,500	100
Lumber & Paper Prod.	3,600	3,600	3,300	0	300
All Other Manufacturing	3,200	3,200	3,300	0	-100
Transportation	17,800	18,600	17,800	-800	0
Trucking & Warehousing	2,500	2,600	2,500	-100	0
Water Transportation	1,000	1,100	1,000	-100	0
Air Transportation	5,500	5,600	5,300	-100	200
All Other Transportation	8,800	9,300	9,000	-500	-200
Trade	42,000	43,400	41,800	-1,400	200
Wholesale	7,300	7,500	7,300	-200	0
Retail	34,700	35,900	34,500	-1,200	200
Gen. Mer. & Apparel	5,100	5,100	5,100	0	0
Food Stores	6,100	6,300	6,000	-200	100
Eating & Drinking Pl.	12,500	13,400	12,400	-900	100
All Other Retail	11,000	11,100	11,000	-100	0
Finance-Ins. & R.E.	10,600	10,800	10,900	-200	-300
Services	41,500	42,700	40,800	-1,200	700
Government	67,800	67,200	66,700	600	1,100
Federal	18,000	18,300	18,400	-300	-400
State	20,700	20,500	19,500	200	1,200
Local	29,100	28,400	28,800	700	300

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1987.

p/ Denotes Preliminary Estimates.
r/ Denotes Revised Estimates.

Since total employment increased by 100 over the year, other industries posted enough employment gains to offset these losses. The largest gains came from the public sector, where declines in federal government employment were more than offset by increases in state and local government. An over-the-month rise of 700 jobs in local government is attributable to additional educational employment as local noneducational payrolls contracted.

Manufacturing picked up 300 jobs over the year — 100 in seafood processing and 300 in lumber and paper products, and lost 100 jobs in other manufacturing. This was the strongest percentage increase of any major industry, up 2.8% from levels of one year ago. Services posted the largest over-the-year gain in employment for any private sector industry, with levels 700 above those of 1987. At 1.7%, this was also the second highest private sector percentage increase. Trade employment increased by 200 over the year; all of this rise is attributable to the retail sector. Interestingly, these major industries showing the largest over-the-year increases contain those sectors which posted the largest over-the-month losses.

Along with falling employment levels came an increase in the unemployment rate, which registered 8.4% in October. (See Table 4.) This is 0.8 percentage points below last year, with 2,750 fewer Alaskans considered unemployed. The state's labor force has seen even larger reductions, down nearly 10,000 since October 1987.

October 1988 Regional Employment and Unemployment:

The Northern region bucked the trend of rising unemployment rates by falling from 8% in September to 7.8% in October. Much of this change can be attributed to a labor force falling more quickly than the level of employment.

The lowest unemployment rate was in the Southwest region. The 6.2% rate compares with a 7.9% rate of one year ago. Over the past year, gains were mainly made in government employment, with a small rise in seafood processing. Most other sectors posted over-the-year losses. Southeast saw a healthy 5% increase in employment over that of one year ago. Although most sectors showed over-the-year increases, the separate states of health of the timber and construction industries were readily apparent in the employment estimates. Timber employment increased by over 10% for the year, while construction decreased by a near equal amount.

The construction industry also was a big loser in the Anchorage-MatSu region. There are over 1,300 fewer people employed in this industry than there were at this time last year. Most other industries have, at the very least, stabilized. Several are showing over-the-year growth.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage

	p/	r/		Changes From:	
	10/88	9/88	10/87	9/88	10/87
Nonag. Wage & Salary	101,600	102,400	101,300	-800	300
Mining	3,650	3,650	3,300	0	350
Construction	4,900	5,350	6,300	-450	-1,400
Manufacturing	2,250	2,450	2,200	-200	50
Transportation	9,600	9,800	9,550	-200	50
Trucking & Warehousing	1,650	1,700	1,500	-50	150
Water Transportation	300	300	300	0	0
Air Transportation	3,300	3,300	3,200	0	100
All Other Transportation	4,350	4,500	4,550	-150	-200
Trade	24,150	24,000	23,650	150	500
Wholesale	5,500	5,550	5,300	-50	200
Retail	18,650	18,450	18,350	200	300
Gen.Merch. & Apparel	2,600	2,550	2,550	50	50
Food Stores	2,950	2,950	2,850	0	100
Eating & Drinking Pl.	7,250	7,250	7,150	0	100
All Other Retail	5,850	5,700	5,800	150	50
Finance-Ins. & R.E.	7,150	7,200	7,200	-50	-50
Services	23,800	23,900	23,050	-100	750
Government	26,100	26,050	26,050	50	50
Federal	10,350	10,450	10,500	-100	-150
State	7,200	7,100	6,950	100	250
Local	8,550	8,500	8,600	50	-50

Anchorage-MatSu

	p/	r/		Changes From:	
	10/88	9/88	10/87	9/88	10/87
Nonag. Wage & Salary	108,150	109,350	107,900	-1,200	250
Mining	3,650	3,700	3,300	-50	350
Construction	5,200	5,650	6,500	-450	-1,300
Manufacturing	2,350	2,600	2,300	-250	50
Transportation	10,200	10,500	10,250	-300	-50
Trade	25,850	25,900	25,300	-50	550
Finance-Ins. & R.E.	7,600	7,650	7,650	-50	-50
Services	24,850	25,200	24,200	-350	650
Government	28,450	28,150	28,400	300	50

Gulf Coast

	p/	r/		Changes From:	
	10/88	9/88	10/87	9/88	10/87
Nonag. Wage & Salary	19,700	21,000	19,650	-1,300	50
Mining	800	800	850	0	-50
Construction	1,000	1,100	1,250	-100	-250
Manufacturing	3,500	4,250	3,550	-750	-50
Seafood Processing	2,900	3,650	2,950	-750	-50
All Other Manufacturing	600	600	600	0	0
Transportation	1,300	1,350	1,300	-50	0
Trade	3,600	3,750	3,500	-150	100
Wholesale	400	400	400	0	0
Retail	3,200	3,350	3,100	-150	100
Finance-Ins. & R.E.	550	600	600	-50	-50
Services	3,250	3,450	3,150	-200	100
Government	5,700	5,700	5,450	0	250
Federal	500	550	550	-50	-50
State	1,800	1,850	1,600	-50	200
Local	3,400	3,300	3,300	100	100

Fairbanks

	p/	r/		Changes From:	
	10/88	9/88	10/87	9/88	10/87
Nonag. Wage & Salary	26,350	26,800	25,950	-450	400
Mining	100	100	50	0	50
Construction	1,950	2,000	2,100	-50	-150
Manufacturing	550	550	600	0	-50
Transportation	2,200	2,200	2,050	0	150
Trucking & Warehousing	400	400	350	0	50
Air Transportation	350	350	300	0	50
All Other Transportation	1,450	1,450	1,400	0	50
Trade	5,600	6,050	5,550	-450	50
Wholesale	700	700	750	0	-50
Retail	4,900	5,350	4,800	-450	100
Food Stores	850	850	850	0	0
All Other Retail	4,050	4,500	3,950	-450	100
Finance-Ins. & R.E.	800	850	900	-50	-100
Services	5,500	5,650	5,350	-150	150
Government	9,650	9,400	9,350	250	300
Federal	2,850	2,900	2,800	-50	50
State	4,150	3,850	4,050	300	100
Local	2,650	2,650	2,500	0	150

Interior

	p/	r/		Changes From:	
	10/88	9/88	10/87	9/88	10/87
Nonag. Wage & Salary	30,100	31,150	30,000	-1,050	100
Mining	250	300	200	-50	50
Construction	2,000	2,150	2,300	-150	-300
Manufacturing	550	550	600	0	-50
Transportation	2,500	2,650	2,450	-150	50
Trade	6,000	6,500	5,900	-500	100
Finance-Ins. & R.E.	900	900	1,000	0	-100
Services	5,900	6,200	5,750	-300	150
Government	12,000	11,900	11,800	100	200

Southeast Alaska

	p/	r/		Changes From:	
	10/88	9/88	10/87	9/88	10/87
Nonag. Wage & Salary	30,300	31,600	28,900	-1,300	1,400
Construction	1,000	1,000	1,100	0	-100
Manufacturing	4,750	5,450	4,550	-700	200
Seafood Processing	1,050	1,700	1,250	-650	-200
Lumber & Paper Prod.	3,450	3,500	3,100	-50	350
All Other Manufacturing	250	250	200	0	50
Transportation	2,200	2,400	2,000	-200	200
Trade	4,800	4,900	4,500	-100	300
Wholesale	450	450	400	0	50
Retail	4,350	4,450	4,100	-100	250
Finance-Ins. R.E.	1,100	1,150	1,000	-50	100
Services	4,650	4,900	4,600	-250	50
Government	11,600	11,600	11,000	0	600
Federal	2,050	2,050	2,000	0	50
State	5,200	5,300	5,000	-100	200
Local	4,350	4,250	4,000	100	350

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 10/88	R/ 9/88	10/87	P/ 10/88	R/ 9/88	10/87	P/ 10/88	R/ 9/88	10/87
Mining	$1,099.64	$1,167.97	$1,096.93	49.4	50.3	47.2	$22.26	$23.22	$23.24
Construction	1,056.20	1,094.46	990.07	42.9	44.8	40.1	24.62	24.43	24.69
Manufacturing	566.35	477.98	506.46	43.7	38.3	39.2	12.96	12.48	12.92
Seafood Processing	366.77	283.72	284.97	43.2	34.6	35.4	8.49	8.20	8.05
Lumber & Paper Prod	763.06	731.25	732.79	46.9	45.0	45.6	16.27	16.25	16.07
Trans., Comm. & Util.	603.72	566.08	581.57	36.7	34.9	36.6	16.45	16.22	15.89
Trade	378.48	376.66	356.64	33.2	33.6	33.3	11.40	11.21	10.71
Wholesale	538.23	537.99	520.97	38.5	38.9	39.2	13.98	13.83	13.29
Retail	327.29	323.78	303.32	31.5	31.9	31.4	10.39	10.15	9.66
Finance-Ins. & R.E	407.71	412.58	394.45	36.5	34.7	33.4	11.17	11.89	11.81

Benchmark: March 1987

[1] Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

[2] excludes eating and drinking establishments

Average Hours and Earnings Series: Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Now to the Anchorage-MatSu industries which have enjoyed the largest gains: Mining is up by nearly 12% and 400 jobs. Trade, services and manufacturing all posted over 2% growth for the year. Like most other regions, only state and local government showed over-the-month gains. Still, the area was able to hold unemployment 0.7% below last year's level with an October figure of 7.7%.

Mining also impacted the Interior region. Although the employment levels remain small, the area saw 25% growth in this industry over the past year. The area showed some growth for the year, although the growth was not evenly divided throughout the economy. Those industries showing over-the-year gains in the Interior region include: transportation, communications and utilities, trade, services, and government.

Normal Seasonal Downturn Expected

For the next several months, employment levels will, for the most part, continue their decline. Many Alaska businesses which successfully weathered the last economic storm are now prepared for the normal seasonal downturn. If the current trends of increased employment and renewed economic strength continue, perhaps the seasonal downturn will not be so steep, or the upswing so slow in coming as in past years.

Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 10/88	R/ 9/88	10/87	P/ 10/88	R/ 9/88	10/87	P/ 10/88	R/ 9/88	10/87	P/ 10/88	R/ 9/88	10/87
Alaska Statewide	238,815	241,760	248,707	20,055	17,573	22,816	8.4	7.3	9.2	218,760	224,187	225,891
Anch.-MatSu Region	124,915	125,162	130,648	9,594	8,760	10,914	7.7	7.0	8.4	115,321	116,402	119,734
Anchorage Borough	110,405	110,262	115,212	7,631	6,891	8,405	6.9	6.2	7.3	102,774	103,371	106,807
MatSu Borough	14,510	14,900	15,436	1,963	1,869	2,509	13.5	12.5	16.3	12,547	13,031	12,927
Gulf Coast Region	25,799	26,687	27,194	2,751	2,358	3,206	10.7	8.8	11.8	23,048	24,329	23,988
Kenai Peninsula Bor.	16,528	17,096	17,550	2,133	1,901	2,568	12.9	11.1	14.6	14,395	15,195	14,982
Kodiak Island Bor.	5,560	5,867	5,799	253	265	276	4.6	4.5	4.8	5,307	5,602	5,523
Valdez-Cordova	3,711	3,724	3,845	365	192	362	9.8	5.2	9.4	3,346	3,532	3,483
Interior Region	35,807	35,971	37,568	4,029	3,274	4,573	11.3	9.1	12.2	31,778	32,697	32,995
Fairbanks North Star Br.	30,658	31,113	32,346	3,202	2,862	3,838	10.4	9.2	11.9	27,456	28,251	28,508
Southeast Fairbanks	2,157	2,068	2,211	303	161	286	14.0	7.8	12.9	1,854	1,907	1,925
Yukon-Koyukuk	2,992	2,790	3,011	524	251	449	17.5	9.0	14.9	2,468	2,539	2,562
Northern Region	7,715	7,944	7,873	600	635	539	7.8	8.0	6.8	7,115	7,309	7,334
Nome	2,979	3,057	3,020	272	276	230	9.1	9.0	7.6	2,707	2,781	2,790
North Slope Borough	2,732	2,825	2,799	113	134	99	4.1	4.7	3.5	2,619	2,691	2,700
Northwest Arctic Bor.	2,004	2,062	2,054	215	225	210	10.7	10.9	10.2	1,789	1,837	1,844
Southeast Region	33,303	33,912	33,440	2,379	1,849	2,642	7.1	5.5	7.9	30,924	32,063	30,798
Haines Borough	835	863	860	55	54	83	6.6	6.3	9.7	780	809	777
Juneau Borough	14,635	15,095	14,592	846	800	860	5.8	5.3	5.9	13,789	14,295	13,732
Ketchikan Gateway Bor.	6,640	6,674	6,623	530	338	537	8.0	5.1	8.1	6,110	6,336	6,086
Pr. of Wales-Outer Ketch.	2,525	2,519	2,530	309	221	323	12.2	8.8	12.8	2,216	2,298	2,207
Sitka Borough	3,945	4,035	4,005	237	190	312	6.0	4.7	7.8	3,708	3,845	3,693
Skagway-Yakutat-Angoon	1,578	1,512	1,595	209	93	232	13.2	6.2	14.5	1,369	1,419	1,363
Wrangell-Petersburg	3,145	3,214	3,235	193	153	295	6.1	4.8	9.1	2,952	3,061	2,940
Southwest Region	11,276	12,084	11,984	702	697	942	6.2	5.8	7.9	10,574	11,387	11,042
Aleutian Islands	3,133	3,365	3,292	88	86	112	2.8	2.6	3.4	3,045	3,279	3,180
Bethel	4,369	4,681	4,664	312	312	428	7.1	6.7	9.2	4,057	4,369	4,236
Bristol Bay Borough	399	424	444	32	29	61	8.0	6.8	13.7	367	395	383
Dillingham	2,030	2,127	2,138	141	92	165	6.9	4.3	7.7	1,889	2,035	1,973
Wade Hampton	1,345	1,487	1,446	129	178	176	9.6	12.0	12.2	1,216	1,309	1,270

P/ = Preliminary R/ = Revised 1987 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most economists feel that Alaska's rural localities have proportionately more of these discouraged workers.

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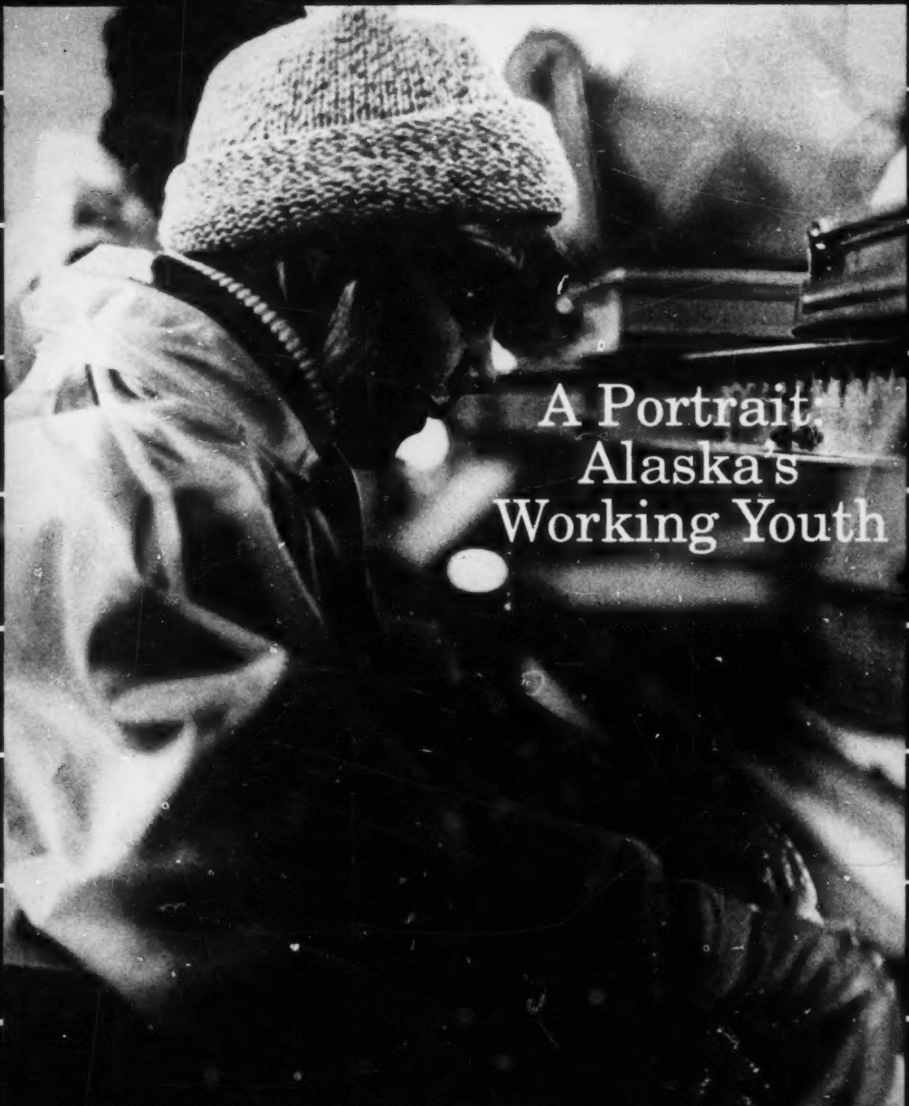

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ALASKA ECONOMIC
TRENDS

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A Portrait: Alaska's Working Youth

By Neal Fried

Many businesses could not function without young workers. A growing number of Alaskan employers are finding it difficult to recruit young workers. It is not uncommon to find a manager of a restaurant or store complaining to the news media about a shortage of help. "Help Wanted" signs are decorating a growing number of restaurant and store windows. Some restaurants even use placemats which plead with the younger set to come to work for them.

This is the condition in Alaska despite the state's sluggish economy. Although there exists an apparent shortage of young workers, current youth unemployment is high and many young Alaskans are finding it difficult to land a job.

This article will try to explain this contradiction. It will also try to answer the following questions: How many of Alaska's youth are working? Why do some of them find it difficult to land a job while others have little trouble? Where do they work and what kind of jobs do they find? How much do they earn? What role does education play? And finally, what does the future hold for young workers?

For the purposes of this discussion, 'young workers' are those who are 16 to 21 years old. At times in this article, this group has been broken into two subgroups — 16 to 19, and 20 to 21 year-olds.

How Many Alaska Youth Work? *Over Half*

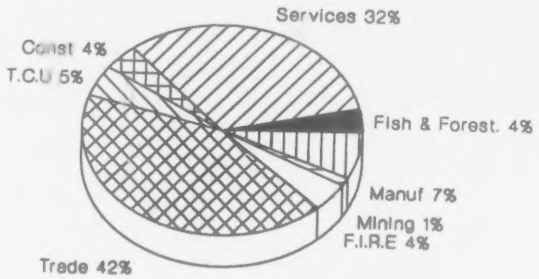
Over the last three decades, there has been dramatic growth in the proportion of active young workers in Alaska's labor force. In 1960, less than one quarter of those between 16 and 21 years old were working or looking for a job. After a decade, that number had grown to almost one-third. By 1980 the number had climbed to 48 percent. Today, more than one-half of Alaska's youth are active in the labor market. School district officials estimate that 30% to 40% of high school students work during the school year. These estimates closely fit national patterns.

There are two primary reasons why Alaska's youth are far more active in the labor market today than in prior years. 1: Many more young women are working today compared to past decades. 2: The proliferation of job opportunities in the retail trade and service industries have drawn Alaska's young into the work force. (There has been significant growth over recent years in Alaska's retail trade and service industries. The percentage of the total work force employed in these two industries has grown from 22% in 1960 to 36% in 1988.)

More than one-half of Alaska's youth either have a job or are looking for one.

Figure 1

Alaska Youth Employment By Industry – 1980



Source : U.S. Bureau of Census, 1980

Where Do They Work?
Mostly Retail Trade

If you asked John Doe on the street where most of today's youth work, they might tell you McDonalds. Though not quite accurate, they would not be altogether wrong. Figure 1 shows that the retail trade sector (which includes restaurants), is the single largest employer of Alaska youth. The service industry is the second largest employer. These two industries employ three-quarters of all Alaska youth.

Some refer to the type of work in these industries as "youth work" because young workers are so prevalent in them. The retail trade and service industries generate lots of part-time, entry level jobs. These are jobs tailor-made for young people: typically, youth have few marketable skills, little work experience, and are still attending school in many cases.

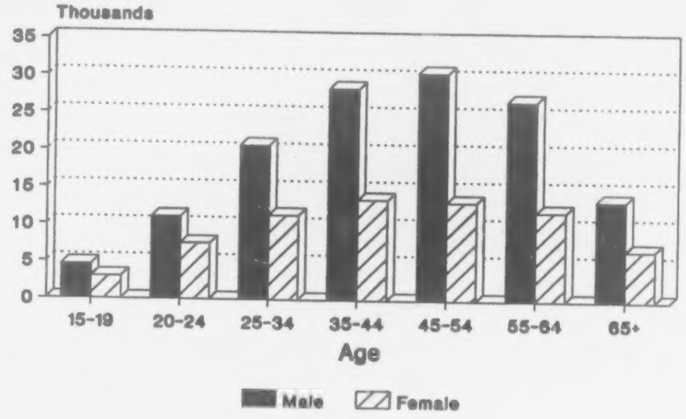
According to national statistics, it is the workers of ages 16 to 21 who are employed most often as sales clerks, restaurant workers, child care workers, gas station attendants, typists and secretaries. This is probably also true for Alaska.

These statistics do not suggest, however, that all of Alaska's youth are working behind a fast-food and store counters. The manufacturing industry in this state employs a full 7%; they are chiefly working as fish processors. Others are fishermen and construction workers.

Most young workers are relegated to low-paying and low-skilled jobs.

Figure 2

Average Income by Age – 1980



Source: U.S. Bureau of Census, 1980

It is inaccurate to characterize the entire youth work force as 'entry-level', 'unskilled' or 'semi-skilled'. Some work in technical and professional occupations. Others own and operate businesses. But given their age and inexperience, most young workers are relegated to low-paying and low-skilled jobs.

How Much Do They Earn?
An Average of $5 to $6.50 p/hour

The average hourly wages offered by Alaska employers for 'youth work' range generally from $5 to $6.50 per hour. This information is based on the Alaska Department of Labor's Youth Employment Service (YES) and Job Training Partnership Act (JTPA) youth employment programs. Many of these workers earn Alaska's minimum wage of $3.85 or slightly more.

Average monthly wages for all workers in the retail trade and services industries are the lowest in the state's economy. The overall average monthly wage is $2,308; for retail trade it is $1,272, and for services it is $1,655. Not only do these positions typically offer low wages, but they are often only part-time. In 1987 the average Alaska worker labored 39 hours per week; the 16 to 19 year olds worked 24 hours on average.

As depicted in Figure 2, a very strong relationship between age and income exists. Wages climb rapidly as a person ages, and gains more experience, more training, and more education.

Why Do Youth Gain Only Minimum Wage Jobs?
Inexperience, Few Skills

Lack of experience and skills are the primary reasons why the younger workers are in lower paid occupations. There are also practical reasons. Many of these workers are still attending high school, vocational school, or college. This often confines them to part-time or seasonal work. Earning extra spending money is the primary reason most 14 to 17 year olds work. Their purpose for work is not to provide economic support or to carve a pathway economic support or to carve a pathway to a more permanent occupation. Stability is not a priority at this age.

The purpose for work changes as younger workers grow older. By age 18 an increasing number hold jobs to support themselves. In some cases, 18-year-olds' jobs are a source of support for an entire family. Employment quickly becomes a critical focus in a young person's life. Low wages and unemployment start to become real issues.

Q: Why is Unemployment So High Among the Young?

The relationship between unemployment and age is as strong as the relationship between income and age. (See Figure 3.) In 1987 the unemployment rate for Alaska's 16-19 year olds was 16.7%; that rate is nearly twice as high as the average for all ages. Why is unemployment among the young so high when so many Alaska employers are crying for help?

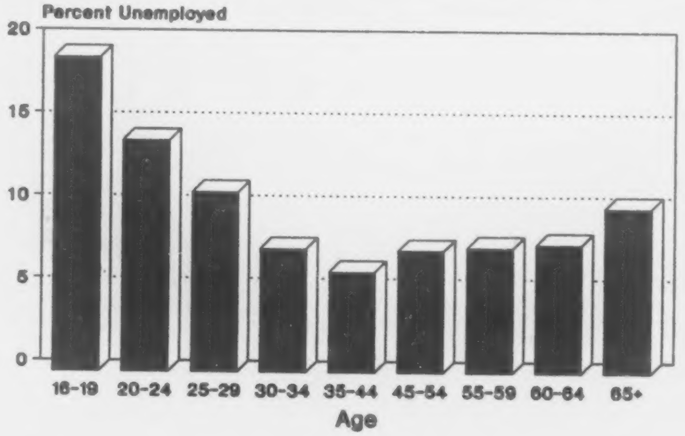
A: *Not All Unemployment is Problematic*

A partial explanation for youths' high unemployment rate is what economists call 'frictional' unemployment. Others call it `inevitable' unemployment. Frictional unemployment occurs when people are switching jobs. It also occurs when workers are temporarily out of work because of the change in seasons; they know, though, they will be working again when the weather improves. These characteristics typify the young work force.

Young workers often don't have strong attachments to the labor force, and they frequently change jobs. Many earn low wages. And because there are abundant jobs of this type, young workers move around a lot. Many are experimenting with different types of work. Others are in and out of the labor market because of school commitments. For the younger set — the 14 to 17 year olds — Figure 4 illustrates the seasonality of their employment picture. Younger workers are without jobs for shorter periods of time than older workers. Frictional unemployment is not a cause for concern because it is not a sign of hardship and is often unavoidable. For these reasons, the higher teenage unemployment rate should be viewed differently than the lower overall unemployment rate. Youth are a 'vanishing minority'. They quickly became 'older workers' and many of their job-related problems vanish with time. Additional education, training and experience improve their success in the labor market.

Figure 3

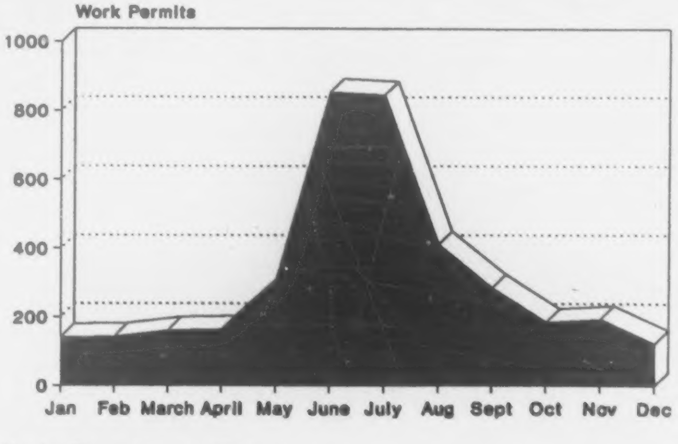
Alaska Unemployment Rates By Age – 1980



Source : U.S. Bureau of Census, 1980

Figure 4

Work Permits Issued For Alaska's Youth – 1987



Source: Alaska Department of Labor

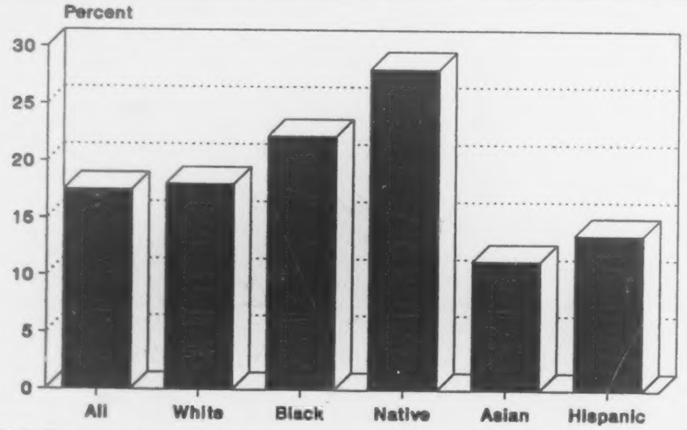
This does not mean, however, that Alaska's higher youth unemployment rate can be ignored. There are a number of real reasons for concern.

Scarcity of Job Options a Cause for Concern

Although there appears to be a glut of entry level jobs in Alaska's urban communities, many rural areas of the state are sorely lacking these jobs. You can actually count on one hand the total number of cash-paying jobs available in many rural communities and villages. Employment opportunities are — more often than not — scarce for workers of all ages in rural Alaska.

Figure 5

Youth Unemployment Rates By Race & Ethnic Origin – 1980



Source: U.S. Bureau of Census, 1980

This in turn means there is a much more acute problem in rural Alaska for the young job seeker. Corroborating this perception are results of a 1981 survey conducted by the Department of Labor (DOL), the Lower Yukon-Kuskokwim Region Labor Market Analysis. The DOL established in its survey that the 'official' unemployment rate among youth in the Lower Yukon was 34%. However, the rate was found to have soared to 64% when a more liberal definition of unemployment was used.

Figure 5 shows that the average unemployment rate among Native Alaskan youth is nearly 10 points higher than that for all Alaskan youth.

A critical lack of job opportunities is not just a problem solely for rural Alaska or for Alaska Natives. Accompanying the onset of the recession earlier this decade was a scarcity of job options — which offered good pay and career opportunities — for all of Alaska's young workers. The state has lost more than 21,000 jobs over the past three years. This means young workers are now often competing with the older, more experienced workers. This competition is particularly severe for those noncollege-bound 19 to 21 year olds. These young workers have found it much more difficult to acquire skills and find jobs that provide them with a viable livelihood.

Exemplifing well this sudden dearth of job opportunities for Alaska's young workers is the situation now facing the construction trades. The construction industry has traditionally provided career opportunities which paid a living wage for many of those Alaska high school graduates who are not college-bound. Because of the terrible shape that the construction industry finds itself in today, most of the trades are not even offering classes for new apprentices. Many of the unions have not offered classes since 1985. Further, many of the trained apprentices have left the state to continue their apprenticeships. The Plumbers & Steamfitters Local 367 has 38 apprentices; 28 of them are jobless. This lack of opportunity in the construction industry has cut off a critical career path for many of Alaska's young people.

Additionally, there remains a group of working-age youth who continue to find it difficult to find or keep a job regardless of the condition of the economy. Their problems often appear intractable. They are frequently high school dropouts. They often come from disadvantaged backgrounds. Their basic reading and math skills are often marginal. Personal problems abound. They commonly turn to crime and substance abuse. And by all accounts their numbers are growing.

High school dropouts are a real concern because they traditionally flounder in the labor market. According to "Identifying At-Risk Youth in the Northwest States," a report authored recently by the Northwest Regional Educational Laboratory, 12.2% of Alaska's 16-19 year olds drop out of school. More startling is that a full 67% of these dropouts don't find jobs. Further, many members of this group continue as adults to experience employment problems.

Economists estimate that a high school dropout represents over 40 years $184,000 in lost tax revenues and welfare support. Truly tremendous is the long-term cost to society of an undereducated work force in terms of crime, loss of productivity, and welfare costs.

Two researchers — Ellen Greenberger, professor of Social Ecology at University of California-Irvine, and Laurence Steinberg, professor of Child & Family Studies at University of Wisconsin-Madison — are just now beginning to identify a different 'number 1 problem' related to employment of high school students. Actually, the problem may not be unemployment. Some of the new research shows that employment often interferes with the quality of a student's school work. A job also curtails a student's participation in extracurricular activities. The researchers are particularly critical of students who work more than 15 to 20 hours per week. They point out that most are only working to earn spending money; therefore, this is nonessential income. The debate on this issue has just begun; it will surely intensify.

Some Young Alaskans Are Finding Good Jobs

There is a positive side to this picture. The outlook is hopeful for nonconstruction, entry-level occupations that require one to two years of post-high school training. For example, University of Alaska-Anchorage's Career & Vocational Education programs, as well as other vocational programs in the state, are having few problems in placing graduates. Also finding jobs are graduates of medical, dental, electronics, aviation, mechanics, and food technology programs. In fact, employers are luring away many students before they are graduated from these programs.

Though most college graduates are older than 21, a deliberation on youth employment is incomplete without discussing the labor market for college graduates. According to the university's career placement office, the market for Alaska college graduates is tougher than it was in the roaring 70s and early 80s. Their opportunities vary. On one hand, accounting graduates still have their pick of jobs. On the other hand, engineers — many of whom had found jobs in past years before they were graduated — are nowadays finding the local job hunt more difficult. Many Alaska-educated engineers must leave the state to find work. Business graduates are finding jobs, but only after exhaustive searches. And the market for teachers is tight in the state's urban areas, but opportunities still exist in rural Alaska.

The Potential For a Better Future Exists

There are three primary determinants of employment prospects for Alaska's youth: the fate of the economy, demographic shifts, and the educational and training achievements of the work force.

It's always a risky enterprise to predict the future. If Alaska's future is judged by its economic history, then the outlook looks bright. At present, the economy is pulling itself out of a three-year recession. This is already having a positive impact on the labor market for youth. Most long-term forecasters believe the future looks relatively good. National and international trends are extremely important. It is these trends that will have the largest influence on Alaska's economic future.

Demographics should aid Alaska's younger workers in their employment endeavors. There will be fewer of them. The baby bust of the late 1970s and early 1980s is partly responsible. In addition, Alaska lost a considerable number of young workers during the last wave of population loss.

The effects of the baby bust are considerably greater in the other 49 states. The number of young workers

Employers might be forced to raise wages and look to alternative age groups to fill an expected labor gap.

will continue to decline through 1995. What is happening nationally is important to Alaska because migration is a critical ingredient in the configuration of Alaska's labor market. It is this very group which migrates to Alaska in the greatest numbers. Which means fewer young workers of the future will probably move to Alaska. This scenario could pose real problems for those Alaska employers who need young workers. They are already experiencing problems today, and the situation is likely to worsen. It's possible that employers will be forced to raise wages and look to alternative age groups to fill the labor gap.

This is good news for future young urban workers. Opportunities for employment should remain abundant. The shortage should provide youths-at-risk an opportunity to move into the mainstream of the working world. Employers will find it necessary to turn to at-risk youths for workers. Employers will be more likely to provide training and support programs to help these young people become productive members of society.

Although there may be a shortage of young workers, this shortage does not guarantee them a job that will place them on a career path. Youth will probably always find low-wage and low-skill jobs. But salaries for the unskilled and the semi-skilled have been driven down by increased world competition, deregulation, and organized labor unions' loss of strength. An increase in prime job opportunities has not usually been demonstrated elsewhere in the country where youth labor shortages have occurred. The cause of this is primarily due to the fact that most youths lack the required skills needed for the 'quality jobs'.

Other equally important facets needed in landing and keeping a job is demonstrated deftness in literacy and communication, and showing a responsible attitude toward work. A recent DOL survey points to problems related to these 'work virtues'. Employers reported in the survey that the major reasons many young workers don't perform well or are unable to find jobs is because of the quality of their work and their work attitudes. Also topping the list were work habits, initiative, and ability to work with others.

If a young person wants to succeed in the labor market, education and training is more necessary than ever before. Training doesn't end with high school or college; it continues throughout workers' lifetimes. Young workers starting today will be retrained three to four times during their working life. There is an ever growing demand for higher skilled workers. The low-skilled jobs which pay a 'living wage' are quickly disappearing. It is critical that parents, educators and policymakers produce a trained and skilled labor force for the future. If we err, not only will individual workers fail, but at risk will be the overall health of the economy.

About the Author:

Neal Fried is a labor economist employed for 10 years with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Anchorage.

You Need a Work Permit if You are 18 or Under

Believe it or not, many parents, youths, and business owners do not know that you need a work permit if you are under age 18.

Why the need for a permit for those 18 and under? Because state labor laws have narrowed the types of job this age group can perform and the number of hours they can work.

For example: 14 to 15 year-olds can fill one day with no more than nine hours of school and work; If you are under 18 you cannot work in a mine. There are many other restrictions.

The permits need to be signed by a parent or guardian, and the employer.

You can get more information about Alaska labor laws and about the work permits themselves from the state Wage and Hour Section, a division of the Alaska Department of Labor. You can contact the agency by writing or calling one of three offices in Anchorage, Fairbanks, or Juneau. Following are each of the offices' addresses and phone numbers: Alaska Department of Labor (DOL), Wage & Hour Section, P.O. Box 107021, Anchorage, AK 99510-7021 (264-2435); Alaska DOL, Wage & Hour Section, 675 7th Ave., Fairbanks, AK 99701 (452-3060); Alaska DOL, Wage & Hour Section, P.O. Box 21149, Juneau, AK 99802 (465-4839).

January Estimates of Statewide Unemployment Will Be Calculated Using New Method

by John Boucher

Beginning with the unemployment estimates for the month of January 1989, a new method for calculating the monthly statewide unemployment rate for Alaska will be used. (The January 1989 estimates will be published in the March 1989 issue of Alaska Economic Trends.)

The new method is being enacted simultaneously in 39 states and in the District of Columbia. The change comes about as a result of ongoing research and development conducted by the U.S. Department of Labor, Bureau of Labor Statistics (BLS), and the cooperating state agencies which produce unemployment rates for the individual states. The Alaska Department of Labor's Research and Analysis section has been an active participant in BLS' effort to improve state and area employment and unemployment data.

This article talks to the changes made to the estimating process, as well as how the estimates are created.

Before beginning a discussion about the changes in the estimating process, first it's necessary to discuss the three major data sources used to create employment and unemployment estimates:

- Current Population Survey (CPS),
- Current Employment Statistics Survey (CES), and
- Unemployment Insurance Data (UI).

The CPS is a monthly nationwide survey of households carefully constructed to provide national estimates of employment, unemployment and other characteristics of the labor force. In the 11 most populous states, the CPS sample size permits the estimates of employment and unemployment to be considered the official labor force estimates for those states. In the 39 other states, the CPS' sample size is not large enough to provide reliable monthly estimates of the labor force and its various components.

The change in methodology only affects those 39 states and Wash., D.C. which do not directly use the CPS to estimate monthly labor force statistics. In these states, referred as the 'nondirect use states', the CPS sample is reliable enough to provide an estimate of the annual average unemployment rate.

The CES is a monthly sampling of employers which provides industry employment data for the state.

UI is administrative data gleaned from the nondirect use state's unemployment insurance systems. Data such as: the number of new claims for UI benefits, the number of continuing claims for UI benefits, and the number of claimants who are no longer eligible for unemployment benefits.

Both new and old methods use the CPS, CES and UI data as the basic data sources to estimate unemployment.

New Method Incorporates Regression Techniques

The new method uses regression models as a statistical technique in estimating employment and unemployment. This statistical approach represents a fundamental change in how the estimates are calculated. (Regression is defined as a statistical technique for determining relationships or correlations between variables.)

Under the old method, employment and unemployment were estimated using a 'building block approach'. That is to say, each category of employed and unemployed were estimated separately, and then these estimates were summed together to form the 'Handbook estimates' of total unemployed and employed. Due to difficulties in estimating separately each category of employment and unemployment, the Handbook estimate had been then adjusted to reflect statewide employment and unemployment as measured by the Current Population Survey (CPS).

Rather than estimating each category of employment and unemployment separately, summing them to a total, and then adjusting the total by the CPS, the regression method of estimating focuses on inter-relationships of the basic data elements over time. This changes the way the basic data elements, (CPS, CES and UI data) are used in the estimating process. Prior to this new method, the basic data elements for the current month had been used only to estimate the current month's unemployment and employment rates. The new method uses the historical statistical relationships of the data to develop the current month's estimate.

New Method More Tailored to Individual States

Compared to the prior method, this one allows for tailor-made estimates better oriented to each of the state's distinctly different economies. By using

10 years of the individual states' data to develop the equations for estimating employment and unemployment, each nondirect use state now uses a truly unique equation to estimate its labor force data. While the method is similar from state to state, each state model is flexible enough to incorporate unique characteristics of the state's economy into the equations.

A frequent challenge to the validity of this new method is this: If historical data is incorporated into the current month's estimate, what happens if the historical relationships which the equations are based upon change due to shifts in the state's economy? The answer to that challenge is this: a special feature of the new estimating model is its ability to adjust to changing relationships between the data over time. Thus, while the estimates are based on historical relationships of the data elements, changes in these relationships are reflected in the estimates as the changes occur.

Annual Rates Unaffected, But More Fluctuation Expected in Monthly Rates

Since states' annual average unemployment rates are derived directly from the Current Population Survey, the method by which these rates are calculated will not change. Only the monthly estimates will be affected by the new method.

Joint testing conducted by the BLS and each of the 39 states over the past two years has found that the new estimating technique generally produces larger month-to-month changes than those produced by the previous method. (This varies from state to state, however.) The larger monthly changes can be explained by the fact that the previous method tended to under-represent the changes in several of the more seasonally volatile parts of the population. For example, the number of unemployed entering the labor force —particularly those seeking their first jobs — varies greatly during the year depending on a number of factors, such as school schedules. Since the new method better represents these seasonally volatile parts of the population, the overall estimates tend to show more seasonal change. Some states show greater monthly change than others under the new method, a benefit of having models which are specific to the states.

In Alaska's case the new method has tended to show slightly less seasonal variation than the old method. One change, however, is expected to occur in the seasonal pattern of Alaska's unemployment rate. Under the previous method, Alaska's unemployment rate was highest in February or March and lowest in September. The new method generally finds the lowest unemployment rate in July and the highest rate in January or February.

The Estimates Have Changed But the Definitions Are the Same

This new change to the unemployment estimating methodology does not call for any changes in the definitions of the employed and unemployed. The basic definitions remain the same at the national, state, and local levels. Briefly the basic definitions are:

EMPLOYED – People who work for pay.

SELF-EMPLOYED INDIVIDUALS – Those who work 15 hours or more as an unpaid worker in a family-owned business.

Those temporarily absent due to vacation, illness, bad weather, labor-management disputes, or personal reasons.

Those waiting to be recalled from layoff, or those waiting to report to a new job within the next 30 days.

UNEMPLOYED – People who are jobless, are available to work and who have conducted a job search in the last four weeks.

The new unemployment estimating technique doesn't deal with the problem of 'discouraged workers' not being counted among the unemployed. The term 'discouraged workers' refers to people who have not performed a job search in the prior four weeks because they believe no work is available. These people are not counted among the unemployed in official unemployment estimates. They are considered to have dropped out of the labor force.

Alaska's rural areas' unemployment significantly underestimated

This exclusion of discouraged workers has been linked by researchers of Alaska Department of Labor's Research and Analysis section to a significant underestimation of unemployment. This underestimation especially affects Alaska's rural areas. A 1981 household survey — patterned after the CPS monthly survey — of the Wade Hampton Census Area revealed that the number of discouraged workers was nearly double the number of people who were unemployed by official definitions. Unfortunately, the new unemployment estimating method does not address this shortcoming.

Historical Data to be Revised; Federal Monies Minimally Affected

As part of the changeover to the new method, the monthly labor force data series for Alaska and the other affected states will be revised backwards to 1978. This will allow those users interested in time series data to compare current estimates with historical patterns which had used the same methodology. Since the annual average labor force data for all states is derived directly from the CPS, there is no need to change Alaska's annual average figures during this period.

Since the change in unemployment estimating methodology will not alter annual averages, it is anticipated that there will be very little impact on the allocation of federal funds to state and local areas. There will be no change at all for allocations based on a calendar year. Affected to a small degree by the revision might be those allocations based on a formula using a 12-month average but not a calendar year average. Allocations based on formulas other than a 12-month average may be affected by the methodology change.

Summary

The method by which Alaska's unemployment rate is calculated will change beginning with the estimates for January of 1989. The new method incorporates more advanced statistical techniques, is more customized to individual states' economies, and should more accurately show seasonal patterns. More variation in month-to-month changes are expected, but the annual average unemployment rates for the state will remain the same. The new method corrects some of the shortcomings of the prior method, but it does not deal with the problem of discouraged workers being excluded from the unemployment count. Federal allocations which are tied to the unemployment rates are not expected to be impacted significantly by the change in methodology.

For further information about the new regression methodology contact:

The U.S. Department of Labor
Bureau of Labor Statistics
Box 3766
71 Stevenson St.
San Francisco, CA. 94119-3766

For information regarding Alaska's unemployment model contact:

Alaska Department of Labor
Research & Analysis Section,
Labor Market Information Unit
P.O. Box 25501
Juneau, AK. 99802-5501

About the Author:

John Boucher is a labor economist employed six years with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

The Economic Impact of UA on Alaska:

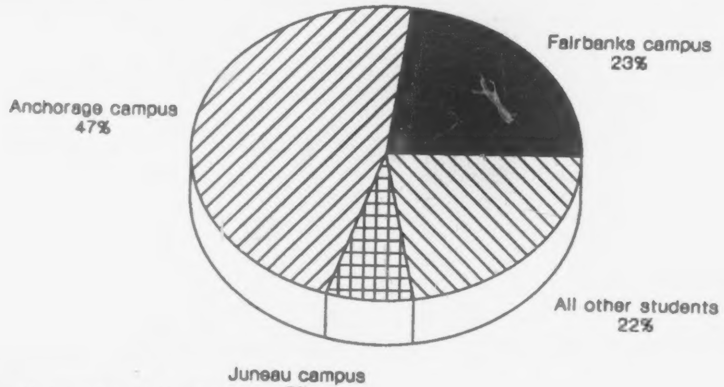
by Holly Stinson

A university system's primary purposes are education and research. But it has an economic impact on the community, too. This article focuses upon the University of Alaska's (UA) impact on the Alaska economy.

Today's UA system consists of: three university campuses, one community college, multiple rural education centers, and eight college centers. UA has two- and four-year degree programs, as well as graduate level programs. The system also offers correspondence and televised courses, course work focused on adult education, and vocational training. In addition, the university system has an array of research institutes, laboratories and centers for specialized studies.

Figure 1

UA Students Distribution Full- and Part-time – Fall 1988



Source: University of Alaska

Most UA Students Enrolled at Anchorage & Fairbanks Campuses

The university's teaching function is carried out primarily at the Anchorage and Fairbanks campuses. All of UA's fall 1988 enrollment is estimated at 28,011. Almost one-half of these students, 13,191, are at the Anchorage university. (See Figure 1.) Fairbanks has 23% of all UA students, and the Juneau university is host to 7%. Accounting for the balance of the enrollment, 22%, are the remaining campuses, rural centers and various educational programs. (These numbers do not include those students who audit classes exclusively.)

UA pumps a considerable amount of money into several communities' economies. Not surprisingly, it's the Anchorage and Fairbanks campuses — those which enroll the majority of UA's students — that receive the majority of UA operating monies.

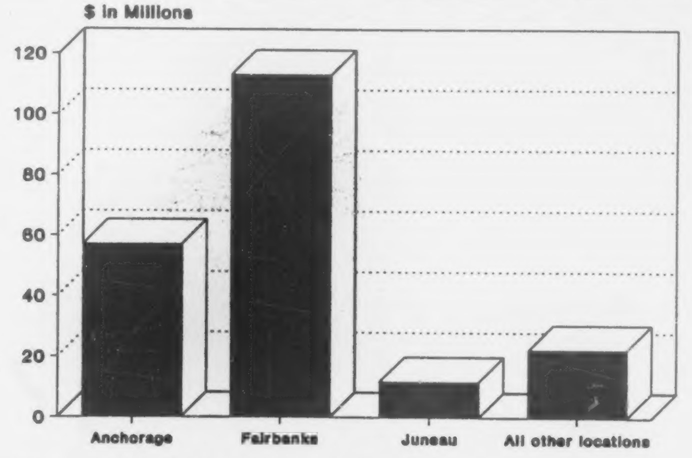
UAF: An Integral Part of the Fairbanks Economy

Over $113 million of operating funds were spent by the Fairbanks university in Fiscal Year 1987 (July 1, 1986 to June 30, 1987). (See Figure 2.) This includes expenditures for various statewide programs and UA's overall administrative budget. While most of this money provided for educational programs, $5.7 million was dedicated to public services, such as operation of the university radio station and the cooperative extension service. And almost $35 million — over one-third of total FY 87 expenditures — was spent on research. As in past years, the Fairbanks university continues to fund the majority of research work in the UA system.

All UAF operating expenditures are not spent in Fairbanks. However, most UAF wages are spent there. And over $64 million of UAF's operating expenditures in FY 87 went to payroll.

Figure 2

UA Operating Expenditures – FY 1987



Source: University of Alaska Stastical Abstract

A 1980 study concluded that 34.6% of UAF funds not going to wages were spent in the Fairbanks North Star Borough. A 1987 study estimate came in higher, at 37.3%. If one estimates that at least 35% of UAF's FY 87 nonwage funds were spent in Fairbanks, the dollars spent in that fiscal year amounted to about $17 million. This is mostly 'new money' pumped into the Fairbanks economy, not local funds being recycled but money coming from state and federal coffers. Without the university's presence in the community, that $17 million would not be circulating in the Fairbanks economy.

Also injected into the Fairbanks economy are the dollars spent by university students. UAF students spent an estimated $83.1 million in the Fairbanks North Star Borough during the 1987-88 school year. A majority of the students' monies originated in the local economy. A recent student survey indicates that about 44% of their income comes from nonlocal sources. This translates to over $36 million 'new money' for Fairbanks in the 1987-88 period.

Although the UAF budget has decreased since its peak in FY 85, the university's employment has remained fairly stable. UAF is the single, largest civilian employer in the Fairbanks area. Employed in the spring of 1988 were 2,349 people. (See Table 1.) That number amounts to almost 10% of all wage and salary employment in the Fairbanks North Star Borough. Of the 2,349 employees, almost 1,500 were full-time faculty and staff. A typical monthly UAF payroll for the Fairbanks area is over $5 million.

University expenditures also create secondary employment. Using an employment multiplier of 1.8, UAF is responsible for 1,900 indirect jobs in the borough.

How many students are taking classes at UAF? Unofficial figures for the Fall '88 semester show a total UAF enrollment of 6,476. There are slightly more enrolled full-time than part-time. This is the reverse of the past few years when there were slightly more part-time students.

Table 1
University of Alaska Employment by Census Area
1st Quarter Average

										Percentage Change from:	
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1980-85	1985-88
Aleutian Islands Census Area	32	26	38	37	29	32	34	25	28	0%	-13%
Anchorage	1,129	1,263	1,425	1,694	1,653	1,650	1,703	1,622	1,586	46	-4
Bethel Census Area	99	105	125	143	95	96	90	76	80	-3	-17
Bristol Bay Borough Census Area	0	0	0	0	0	0	0	0	7	0	—
Dillingham Census Area	11	14	15	20	17	18	18	16	10	64	-44
Fairbanks North Star Borough	1,937	1,910	2,010	2,316	2,334	2,453	2,443	2,301	2,349	27	-4
Haines Borough	1	0	0	0	0	0	1	2	1	-100	—
Juneau Borough	215	208	271	288	305	326	328	286	322	52	-1
Kenai Peninsula Borough	90	116	162	172	197	222	192	199	197	147	-11
Ketchikan Gateway Borough	36	39	65	74	68	54	69	67	63	50	17
Kodiak Island Borough	44	63	71	82	88	85	83	78	74	93	-13
Matanuska-Susitna Borough	94	110	130	155	159	178	169	153	174	89	-2
Nome Census Area	31	33	40	50	43	56	47	43	40	81	-29
North Slope Borough	28	5	2	2	3	7	3	2	3	-75	-57
Northwest Arctic Borough	18	5	5	12	17	36	28	28	26	100	-28
Prince of Wales/Outer Ketchikan C.A.	0	0	0	0	0	0	0	0	1	0	---
Sitka Borough	25	29	42	57	50	46	43	40	26	84	-43
Skagway-Yakutat-Angoon Census Area	1	1	2	2	0	2	2	2	1	100	-50
Southeast Fairbanks Census Area	6	7	9	25	26	24	22	14	19	300	-21
Valdez-Cordova Census Area	24	40	55	64	74	72	80	82	84	200	17
Wade Hampton Census Area	0	0	0	0	0	0	0	1	1	0	0
Wrangell-Petersburg Census Area	1	2	2	2	2	4	2	3	5	300	25
Yukon-Koyukuk Census Area	23	28	33	36	44	44	25	28	21	91	-52
TOTAL	3,845	4,004	4,502	5,231	5,204	5,405	5,382	5,068	5,118	41	-5

Source: Alaska Dept. of Labor, Research & Analysis

UAA Contributions to the Anchorage Economy:

In Anchorage the university budget has a much smaller impact. Not only is the UAA budget much smaller than that of UAF, but the Anchorage area has three times the population of Fairbanks. UAA's FY 87 $57 million operating budget amounts to just over half of UAF's operating budget of that same fiscal year. While the Fairbanks university spends almost 34% of its operating monies on research, UAA spends only about 7% on research.

Because about 90% of UAA's operating funds come from outside the area, UAA accounted for over $50 million in new money being pumped into the Anchorage economy in FY 87. UAA's 1988 and 1989 contributions to the Anchorage economy will probably remain close to this same figure.

According to a 1983 study, UAA's then-enrolled 4,048 students accounted for an estimated $77.7 million being spent in the local economy.

There are close to 1,800 employees on the UAA payroll, amounting to more than $3 million per month. UAA employment, like that at UAF, peaked in 1985 — at over 1,900. The UA system's total employment peaked in 1985. (See Figure 4.)

Anchorage students account for nearly one-half of the UA System's total enrollment. There are twice as many part-time as full-time UAA students. The number of full-time students, though, is steadily increasing. Total current enrollment, according to unofficial fall 1988 figures, is about 1,000 above that of fall '87.

Students at UAA's Kodiak, Kenai Peninsula, and Matanuska-Susitna colleges and at the university's various rural education centers account for almost 4,000 additional students.

UAS Provides Jobs in Southeast Alaska

UAS (University of Alaska Southeast) oversees a university in Juneau and college centers at Ketchikan and Sitka. Less than $12 million of the total UA budget is allocated to Juneau. And only 7%, or 2,055, of the system's students are in the capital city. Another 1,562 students are enrolled at Ketchikan and Sitka.

The majority of UAS students on all three campuses are part-time. This means that probably most of the students would be present and contributing to the local economy even without the presence of a college. In terms of jobs, the university provides 360 in Juneau, 74 in Ketchikan, 43 in Sitka, and another dozen in other small Southeast communities.

UA Impacts Smaller Alaskan Communities

UA's economic impact in Alaska's smaller communities is significant to each of the communities. Although operating expenditures outside of Anchorage and Fairbanks make up a small portion of the total UA System budget, they have a big impact on rural villages. Fiscal Year 1987 expenditures at former community colleges ranged from less than $1 million at Chukchi in Kotzebue to almost $3-1/2 million at Kuskokwim in Bethel, and over $4 million at Kenai Peninsula in Soldotna. The exact amount of dollars spent in each of the local communities is unavailable. Education is labor-intensive, though, and roughly 70% of UA's expenditures are for local employees' salaries and benefits.

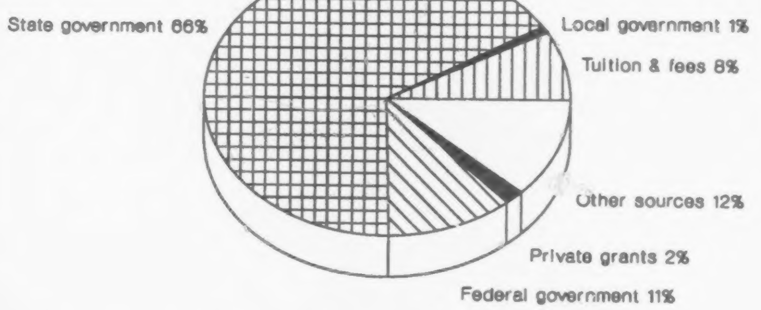
What is the monthly payroll for rural communities? Kotzebue's payroll for its 27 employees is about $65,000. For Nome's 46 college employees, monthly payroll is just over $100,000. For Bethel's 93 college faculty and staff, the monthly payroll is more than $220,000. The college in Bethel is one of the largest employers in that town.

About 200 are employed at the Kenai Peninsula College in Soldotna. Over 70% of the college's employees — who take home about 35% of the college's total payroll — worked at the Kenai-Soldotna campus. The remaining employees work in Homer- and Seward-based offices.

For Kodiak College's 88 employees, a typical monthly payroll is over $135,000. The Mat-Su campus in Palmer employs about 160 people on a payroll approaching $300,000 monthly. Although there are only 33 UAA employees on the Aleutian chain, the payroll means over $20,000 per month to local economies there.

Figure 3

UA Revenues by Source – FY 1988



Source: University of Alaska Financial Statements

How is UA Funded?

The university receives a considerable portion of its budget from the federal government, $23 million in FY 87. Most of this federal cash is earmarked for specific grants and projects. Tuition brought in $18.9 million in FY 87. Endowments and private sources gave almost $10 million in FY 87. And local governments kicked in another $1.8 million that fiscal year.

But it is the state which contributes the lion's share of UA's revenue. In FY 88 the state financed UA by almost $148 million. (See Figure 3.) Alaska governments' per student educational appropriations are the highest in the nation — $9,743 per 'full-time equivalent' student, as compared to the national average of $3,871.

In addition to direct appropriations, the state contributes to higher education through its Alaska Student Loan Program. It is pertinent to note, however, that less than half of the program's annual $50 million budget is loaned to UA students.

UA Offers Intangible Benefits

There are many benefits, both economic and 'quality of life,' that are hard to measure but should be considered. Non-credit courses allow community members to obtain practical skills ranging from personal finance to dog mushing. Community members also take advantage of a university's libraries, museums, and art performances.

The university provides, too, a trained labor force for many communities. Many employers find a community more attractive for relocation if it is home to a college. The college not only provides a trained labor force, it provides continuing education classes for a firm's employees. In fact, there are employers who choose to not relocate in an area that doesn't have a trained work force and a local opportunity for continuing education.

Current trends show that a greater number of working-age Americans are seeking mid-life education for the purpose of changing careers. Formal education is becoming more of a lifelong process. No longer do professionals of the workplace attend school only for a set number of years. No longer do they pursue only one career in a single field before retiring.

Goals for UA of the Future:

What lies in store for the UA System as it approaches its ninth decade? Ideally, school officials would like to see the budgeting process change so the fortunes of the system are not so tightly linked to the price of oil. This will be difficult to accomplish, however, as long as 70% of UA revenues come from a state where 90% of its revenues are generated by oil.

Tuition for Alaska residents is about the same as other state universities in the western U.S. But UA nonresident tuition is almost 40% less than the average.

Many advocates of the university hope that UA might grow into world-class leadership in certain areas. The arctic and geophysical sciences, and fisheries management are logical areas for UA to pursue. With successes in this pursuit, UA could attract research dollars from government and private corporations.

Growth in any sector of the UA system can only mean additional growth for the economy — both locally and statewide.

Summary:
UA Has a Statewide Presence

From its tiny beginnings 70 years ago in Fairbanks, the University of Alaska has grown into a large system integrating all aspects of higher education. This fall over 28,000 students enrolled in adult basic education classes, as well as post-graduate courses.

The system as a whole employs almost twice as many people as the state's largest private employer; its FY 88 payroll was $128 million. A considerable amount of federal money goes to Fairbanks for research.

The University of Alaska has a proportionately larger economic impact in Fairbanks and in some rural communities than it does in Anchorage or Juneau.

Despite recent reductions in revenues, UA continues to offer services in virtually every community of the state.

About the Author:

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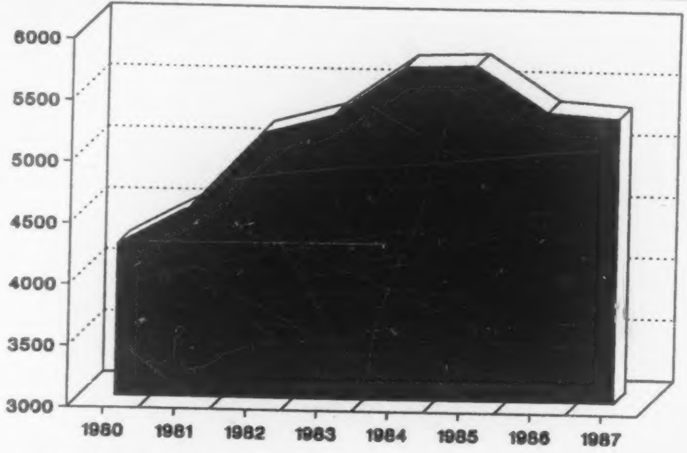
Figure 4

UA Employment



Source: Alaska Department of Labor

The November Drop in Employment Fueled Unemployment Increases

by John Boucher

Alaska's unemployment rate rose by more than one-half a percentagepoint — to 9.0 percent — in November. Fueling the escalation of the rate were layoffs in the construction and manufacturing industries.

Although the unemployment rate increased from October to November, it nevertheless continued to show improvement when compared to year-ago rates. In November of 1987, nearly 10 percent of Alaska's labor force was unemployed. (See Table 4.)

Table 1
Nonagricultural Wage and Salary Employment By Place of Work Alaska

				Changes From:	
	p/	r/			
	11/88	10/88	11/87	10/88	11/87
Nonag. Wage & Salary	207,400	212,300	206,500	-4,900	900
Mining	8,800	9,000	8,400	-200	400
Construction	8,100	10,000	10,100	-1,900	-2,000
Manufacturing	12,200	13,300	11,800	-1,100	400
Seafood Processing	5,500	6,500	5,500	-1,000	0
Lumber & Paper Prod.	3,500	3,600	3,100	-100	400
All Other Manufacturing	3,200	3,200	3,200	0	0
Transportation	17,400	18,000	17,100	-600	300
Trucking & Warehousing	2,400	2,500	2,400	-100	0
Water Transportation	1,100	1,100	900	0	200
Air Transportation	5,400	5,400	5,200	0	200
All Other Transportation	8,500	9,000	8,600	-500	-100
Trade	41,700	42,000	41,700	-300	0
Wholesale	7,300	7,400	7,300	-100	0
Retail	34,400	34,600	34,400	-200	0
Gen. Mer. & Apparel	5,300	5,100	5,300	200	0
Food Stores	6,200	6,200	6,000	0	200
Eating & Drinking Pl.	12,200	12,500	12,200	-300	0
All Other Retail	10,700	10,800	10,900	-100	-200
Finance-Ins. & R.E.	10,600	10,600	10,800	0	-200
Services	41,100	41,700	40,500	-600	600
Government	67,500	67,700	66,100	-200	1,400
Federal	18,100	18,000	18,300	100	-200
State	20,400	20,700	19,000	-300	1,400
Local	29,000	29,000	28,800	0	200

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1987.

p/ Denotes Preliminary Estimates.
r/ Denotes Revised Estimates.

More Males Join Jobless Ranks in November

Data from Alaska's unemployment insurance system indicate that males were four times more likely than females to join the ranks of the unemployed in November. This development is due to the seasonal employment patterns of some male-dominated industries. Typically, the construction, timber and fish processing industries lose employment rapidly in November. This past November was no exception. From October to November of 1988, 3,000 jobs were lost in these three industries; this amounts to a whopping 60 percent of all jobs lost during the month in the Alaskan economy. (For statewide industry detail refer to Table 1.)

Substantial employment losses in these three industries translate into extensive job losses for males because these industries tend to employ more males than other industries. For

Table 2
Nonagricultural Wage and Salary Employment By Place of Work

Anchorage

	p/ 11/88	r/ 10/88	11/87	Changes From: 10/88	Changes From: 11/87
Nonag. Wage & Salary	99,700	101,000	99,950	-1,300	-250
Mining	3,650	3,650	3,200	0	450
Construction	3,850	4,900	5,450	-1,050	-1,600
Manufacturing	2,100	2,250	2,050	-150	50
Transportation	9,450	9,550	9,300	-100	150
Trucking & Warehousing	1,600	1,650	1,450	-50	150
Water Transportation	300	300	250	0	50
Air Transportation	3,250	3,300	3,150	-50	100
All Other Transportation	4,300	4,300	4,450	0	-150
Trade	23,850	23,800	23,850	50	0
Wholesale	5,600	5,600	5,300	0	300
Retail	18,250	18,200	18,550	50	-300
Gen. Merch. & Apparel	2,600	2,500	2,800	100	-200
Food Stores	2,900	2,900	2,850	0	50
Eating & Drinking Pl.	6,950	7,050	7,050	-100	-100
All Other Retail	5,800	5,750	5,850	50	-50
Finance-Ins. & R.E.	7,200	7,150	7,100	50	100
Services	23,500	23,700	23,000	-200	500
Government	26,100	26,000	26,000	100	100
Federal	10,350	10,250	10,450	100	-100
State	7,150	7,200	6,950	-50	200
Local	8,600	8,550	8,600	50	0

Anchorage-MatSu

	p/ 11/88	r/ 10/88	11/87	Changes From: 10/88	Changes From: 11/87
Nonag. Wage & Salary	106,100	107,750	106,350	-1,650	-250
Mining	3,600	3,700	3,200	-100	400
Construction	4,150	5,200	5,650	-1,050	-1,500
Manufacturing	2,150	2,350	2,100	-200	50
Transportation	10,000	10,200	9,900	-200	100
Trade	25,650	25,750	25,450	-100	200
Finance-Ins. & R.E.	7,650	7,600	7,550	50	100
Services	24,500	24,600	24,200	-100	300
Government	28,400	28,350	28,300	50	100

Gulf Coast

	p/ 11/88	r/ 10/88	11/87	Changes From: 10/88	Changes From: 11/87
Nonag. Wage & Salary	19,200	19,650	18,850	-450	350
Mining	800	800	850	0	-50
Construction	850	1,050	950	-200	-100
Manufacturing	3,400	3,450	3,400	-50	0
Seafood Processing	2,800	2,850	2,800	-50	0
All Other Manufacturing	600	600	600	0	0
Transportation	1,350	1,350	1,250	0	100
Trade	3,450	3,550	3,450	-100	0
Wholesale	400	400	400	0	0
Retail	3,050	3,150	3,050	-100	0
Finance-Ins. & R.E.	550	550	600	0	-50
Services	3,150	3,200	3,100	-50	50
Government	5,650	5,700	5,250	-50	400
Federal	500	500	500	0	0
State	1,750	1,800	1,400	-50	350
Local	3,400	3,400	3,350	0	50

Fairbanks

	p/ 11/88	r/ 10/88	11/87	Changes From: 10/88	Changes From: 11/87
Nonag. Wage & Salary	25,700	26,400	25,200	-700	500
Mining	50	100	50	-50	0
Construction	1,500	1,900	1,700	-400	-200
Manufacturing	500	550	500	-50	0
Transportation	2,100	2,200	2,000	-100	100
Trucking & Warehousing	350	400	350	-50	0
Air Transportation	350	350	300	0	50
All Other Transportation	1,400	1,450	1,350	-50	50
Trade	5,650	5,600	5,550	50	100
Wholesale	700	700	700	0	0
Retail	4,950	4,900	4,850	50	100
Food Stores	850	850	850	0	0
All Other Retail	4,100	4,050	4,000	50	100
Finance-Ins. & R.E.	800	850	900	-50	-100
Services	5,400	5,500	5,250	-100	150
Government	9,700	9,700	9,250	0	450
Federal	2,900	2,900	2,750	0	150
State	4,150	4,150	4,000	0	150
Local	2,650	2,650	2,500	0	150

Interior

	p/ 11/88	r/ 10/88	11/87	Changes From: 10/88	Changes From: 11/87
Nonag. Wage & Salary	29,150	30,100	28,950	-950	200
Mining	200	250	200	-50	0
Construction	1,550	2,000	1,800	-450	-250
Manufacturing	500	550	550	-50	-50
Transportation	2,350	2,500	2,250	-150	100
Trade	5,900	5,950	5,900	-50	0
Finance-Ins. & R.E.	850	900	950	-50	-100
Services	5,850	5,950	5,650	-100	200
Government	11,950	12,000	11,650	-50	300

Southeast Alaska

	p/ 11/88	r/ 10/88	11/87	Changes From: 10/88	Changes From: 11/87
Nonag. Wage & Salary	29,150	30,300	27,450	-1,150	1,700
Construction	900	1,000	1,000	-100	-100
Manufacturing	4,100	4,700	3,900	-600	200
Seafood Processing	550	1,000	700	-450	-150
Lumber & Paper Prod.	3,300	3,450	3,000	-150	300
All Other Manufacturing	250	250	200	0	50
Transportation	2,150	2,200	1,900	-50	250
Trade	4,650	4,750	4,300	-100	350
Wholesale	450	450	350	0	100
Retail	4,200	4,300	3,950	-100	250
Finance-Ins. R.E.	1,100	1,100	1,000	0	100
Services	4,550	4,750	4,450	-200	100
Government	11,500	11,600	10,800	-100	700
Federal	2,050	2,050	1,900	0	150
State	5,150	5,200	4,850	-50	300
Local	4,300	4,350	4,050	-50	250

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1987

p/ Denotes Preliminary Estimates

r/ Denotes Revised Estimates

example, in 1987 80 percent of the employees in the construction and manufacturing industries were males.[1]

The seasonal nature of these male-dominated industries puts Alaska's economy in a unique position compared to other states. This state's male unemployment rate has been consistently higher than its female unemployment rate. Only one other state in the nation, West Virginia, has a higher unemployment rate on an annual basis for males than for females. In every other state male unemployment is consistently lower than the female unemployment rate. For a more detailed discussion of this phenomenon in Alaska's economy refer to "Women in Alaska's Labor Force" in the February 1988 issue of *Alaska Economic Trends.*

November Employment Continues Positive Trend

For the third consecutive month, nonagricultural wage and salary employment has shown an increase over the same period from one year ago. (Table 1 shows these numbers in the far right column.)

According to many economists, the end of a recession is marked by two consecutive quarters of growth. In this light it's conceivable that November marked the halfway point to a 'definitive end' of Alaska's recession. Pertinent here is the point that economists discern 'definitive end' differently than do others. For example, some employers may not consider the recession over until the volume of their business is identical with that of 1985. Individuals may not consider the recession over until the property they own is worth as much as it was in 1985.

Setting aside for now these different connotations on the 'definitive end' of a recession, it's relevant to examine which industries have been leading the Alaskan economy to the end of its recent recession. It's also germane to ponder some even more crucial questions, such

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[1] The source is: *Geographic Profile of Employment and Unemployment, 1987.* Bulletin 2305, U.S. Dept. of Labor, Bureau of Labor Statistics, April 1988.

Table 3
Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 11/88	R/ 10/88	11/87	P/ 11/88	R/ 10/88	11/87	P/ 11/88	R/ 10/88	11/87
Mining	1,112.72	1,086.07	1,134.48	50.1	48.9	48.9	22.21	22.21	23.20
Construction	889.99	1,055.09	841.98	37.6	43.1	35.2	23.67	24.48	23.92
Manufacturing	575.33	565.50	511.52	46.1	43.5	39.9	12.48	13.00	12.82
Seafood Processing	441.00	364.23	311.81	51.7	42.7	38.4	8.53	8.53	8.12
Lumber & Paper Prod.	654.31	763.06	662.15	41.1	46.9	42.5	15.92	16.27	15.58
Trans., Comm. & Util.	576.01	601.88	585.10	35.6	36.7	36.5	16.18	16.40	16.03
Trade	366.57	379.29	350.12	32.7	33.3	32.6	11.21	11.39	10.74
Wholesale	527.28	544.12	511.54	38.6	38.7	38.9	13.66	14.06	13.15
Retail	316.11	325.39	298.04	30.9	31.5	30.6	10.23	10.33	9.74
Finance-Ins. & R.E	390.91	407.75	407.86	33.1	35.0	35.1	11.81	11.65	11.62

Benchmark: March 1987

[1] Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

[2] excludes eating and drinking establishments

Average Hours and Earnings Series: Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

as: Where would we be without these key industries? and Can these industries continue carrying the economy toward added growth?

Government Is Leading the Way, But for How Long?

A quick inspection of Table 1 — specifically, an inspection of its far right column — points to two industries which are exerting counteracting forces on Alaska's economy. The construction industry is clearly retarding employment growth, while government — especially state government — is pushing Alaska employment to the positive side of the employment ledger. Other industries, particularly services, manufacturing and mining, are assisting in the renewal of the state's economic growth.

Readers should be cautious about focusing too much on short-term analysis because of short-term fluctuations that exist in the data. For example, if an industry's employment is high or low in the month examined due to some unusual event, the data could understate or overstate the effect the particular industry had on the economy.

To combat monthly variances in the data and to adjust for seasonal movements, the industry employment numbers were seasonally adjusted and then examined. While seasonally adjusted numbers also have their shortcomings, they can help confirm long-term trends in the employment numbers.

It turns out that the seasonally adjusted employment numbers for November generally portray the same picture as the actual November employment numbers; that is, construction and government employment are currently two of the largest forces in Alaska's economy. Figure 1 is a comparison of seasonally adjusted total employment to seasonally adjusted employment in the construction industry. The numbers are indexed so that the two classifications of employment can be compared more easily. (The baseline used is the 1980 annual average.) It is apparent that the construction industry has been placing downward pressure on overall employment over the past two years. While most other sectors of the economy have settled at an employment level equal to that of 1983, construction employment has continued to plummet, falling below levels not seen since the early 1970s.

On the other hand, seasonally adjusted government employment numbers

Figure 1

**Seasonally Adjusted Employment Indexes
Construction vs. Total**

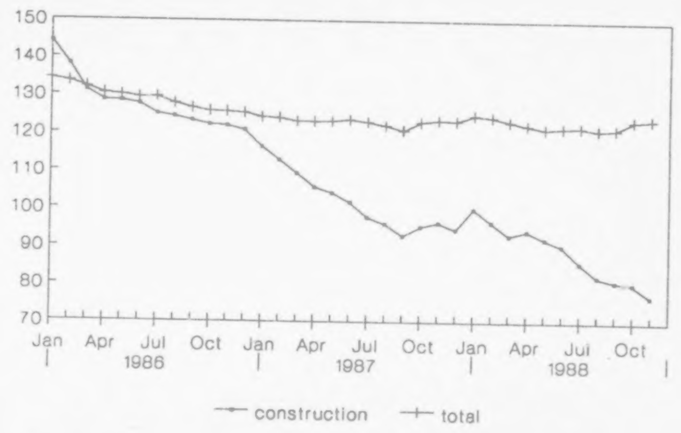
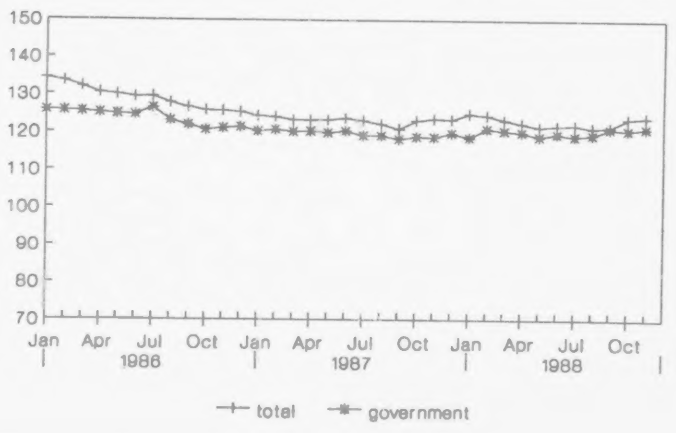


Figure 2

**Seasonally Adjusted Employment Indexes
Government vs. Total**



If government employment is cut, a delay in the economic recovery would occur.

show that this sector has been crucial over the past year in providing stability to the state's overall employment picture. Figure 2 provides a glance at seasonally adjusted government employment numbers compared to total employment for the past two years.

A look at the immediate future for Alaska's economy: It's apparent that government employment may be the primarydeterminant of the total employment picture over the next several years. The construction industry's influence on the Alaskan economy has diminished significantly from the early 1980s. It had been nearly 10 percent of all employment in the state; now it is below 5 percent. Even if the construction industry were to continue losing employment at the pace it has been during the last two years (which it is not expected to do), it will exert a smaller and smaller drag on the overall economy.

Government employment has not diminished to the same extent as construction. However, given the current negative outlook for the funding of government at all levels — especially state and local governments — it is highly questionable that there will be added government employment growth to offset declines elsewhere in the overall employment picture.

Yet the state's current moves toward recovery would certainly be jeopardized if state and local government is dramatically pared to solve the projected state government budget deficit. If government employment is cut, a delay in the economic recovery would occur. It's a matter of conjecture as to how long the recovery would be delayed, but it would certainly relate to the magnitude of any employment cuts. It's probable that government cutbacks similar to those of 1986 would not induce as deep a recession as the one from which the state is currently recovering.

Regional Employment Picture: Southeast Is Leading the Way

On a regional basis, Southeast Alaska is continuing to set the state's employment growth pace. (For regional employment data see Table 2.) Nearly every economic sector in Southeast is growing; the lone exception is the construction industry. Mining has been one of the Southeast's major employment contributors. It has grown almost 60% since one year ago. Much of the over-the-year growth is attributable to the Greens Creek mine's drive toward production. Green's Creek is expected to continue adding employment until going into production this month, January 1989.

Although Green's Creek accounts for most of the current surge in Southeast Alaska mining employment, it doesn't account for all of it. Several other projects have contributed to the revival of the mining industry in the Southeast. While most of these projects are still in the exploration and development phases, decisions on these projects are coming soon. The most ambitious project — in terms of employment impact — is the reopening of the A-J mine in Juneau. Now in the process of completing its final feasibility study, a reopening of the A-J property by Echo Bay Mining could translate to 450 new jobs. If these numbers actually materialize, the project would vault into one of the two largest single mining sites in Alaska. This project alone would nearly triple current mining employment in Southeast Alaska.

Another one of the Southeast's growing industries is the lumber and paper products sector. The logging industry has become less seasonal; more operators are working later in the season and through the entire winter. Common are reports of shortages of loggers. Some operators are indicating that the recent fall-off in employment is not so much due to lack of work, but to loggers taking breaks for the holidays.

Anchorage On a Slow Mend

Anchorage's wage and salary employment numbers continue to be below those of one year ago, but they are creeping closer to showing year-to-year growth. The construction industry continues to be a major drag on Anchorage's economy. More than three-quarters of the state's total construction employment losses are in Anchorage. While government employment growth has helped offset construction losses for most of the state, Anchorage's construction losses have proved too much to overcome.

Factoring into this are recent staff reductions by the Municipality of Anchorage. The current job outlook for the municipality is for additional cutbacks. Therefore, government is not expected to contribute to employment-related recovery in Anchorage to the same extent that it has in other areas of the state.

Gulf Coast Employment Growing Thanks to Government

The Gulf Coast region of Alaska is posting over-the-year growth. This growth is predominantly related to government employment. The start-up in Seward of the Spring Creek correctional facility accounts for a sizeable portion of the region's government employment gain. Construction employment has been helped to some degree by initial work conducted on the Bradley Lake hydroelectric project. Construction employment in the region has still been down over the past year, though, despite the influence of Bradley Lake.

More Bottomfish Helping Southwest

Southwest Alaska is also posting slight over-the-year employment gains, a development primarily attributable to the bottomfish industry.

Fairbanks and Interior Economies Rebounding

Fairbanks and Interior Alaska are both posting slight employment gains despite large drops in construction employment since October. Trade, services and government are all contributing to Fairbanks' rebound. The Northern Alaska economy is being revitalized by additional government employment and a cautiously resurging oil and gas sector.

Summary:
End of Recession In Sight

In summary, economists judge that Alaska's economy is poised on the end of the recession. Government employment is leading the way, followed closely by most other industries, excluding construction, and the finance, insurance and real estate sector. Regionally, Anchorage's economy continues to drag on the rest of the state's recovery; this will probably continue into the immediate future. On the horizon, the single biggest factor which could affect Alaska's economy is potential employment cuts resulting from the state government budget deficit.

Table 4
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 11/88	R/ 10/88	11/87	P/ 11/88	R/ 10/88	11/87	P/ 11/88	R/ 10/88	11/87	P/ 11/88	R/ 10/88	11/87
Alaska Statewide	236,227	239,244	241,315	21,247	20,064	23,609	9.0	8.4	9.8	214,980	219,180	217,706
Anch.-MatSu Region	124,068	124,948	128,304	10,053	9,593	11,403	8.1	7.7	8.9	114,015	115,355	116,901
Anchorage Borough	109,610	110,295	113,175	7,818	7,629	8,611	7.1	6.9	7.6	101,792	102,666	104,564
MatSu Borough	14,458	14,653	15,129	2,235	1,964	2,792	15.5	13.4	18.5	12,223	12,689	12,337
Gulf Coast Region	25,477	25,822	25,769	2,853	2,753	3,079	11.2	10.7	11.9	22,624	23,069	22,690
Kenai Peninsula Bor.	16,416	16,543	16,629	2,286	2,135	2,457	13.9	12.9	14.8	14,130	14,408	14,172
Kodiak Island Bor.	5,420	5,565	5,498	211	253	274	3.9	4.5	5.0	5,209	5,312	5,224
Valdez-Cordova	3,641	3,714	3,642	356	365	348	9.8	9.8	9.6	3,285	3,349	3,294
Interior Region	35,509	35,947	36,334	4,458	4,034	4,750	12.6	11.2	13.1	31,051	31,913	31,584
Fairbanks North Star Br.	30,427	30,779	31,224	3,598	3,206	3,935	11.8	10.4	12.6	26,829	27,573	27,289
Southeast Fairbanks	2,108	2,165	2,167	297	303	325	14.1	14.0	15.0	1,811	1,862	1,842
Yukon-Koyukuk	2,974	3,003	2,943	563	525	490	18.9	17.5	16.6	2,411	2,478	2,453
Northern Region	7,742	7,750	7,841	643	600	734	8.3	7.7	9.4	7,099	7,150	7,107
Nome	2,978	2,993	3,033	277	272	329	9.3	9.1	10.8	2,701	2,721	2,704
North Slope Borough	2,751	2,745	2,749	138	113	133	5.0	4.1	4.8	2,613	2,632	2,616
Northwest Arctic Bor.	2,013	2,012	2,059	228	215	272	11.3	10.7	13.2	1,785	1,797	1,787
Southeast Region	32,676	33,403	31,948	2,656	2,381	2,882	8.1	7.1	9.0	30,020	31,022	29,066
Haines Borough	837	838	843	80	55	110	9.6	6.6	13.0	757	783	733
Juneau Borough	14,259	14,678	13,885	874	846	926	6.1	5.8	6.7	13,385	13,832	12,959
Ketchikan Gateway Bor.	6,473	6,660	6,279	541	530	536	8.4	8.0	8.5	5,932	6,130	5,743
Pr. of Wales-Outer Ketch.	2,475	2,533	2,418	324	310	335	13.1	12.2	13.9	2,151	2,223	2,083
Sitka Borough	3,874	3,958	3,864	274	238	378	7.1	6.0	9.8	3,600	3,720	3,486
Skagway-Yakutat-Ang.	1,572	1,582	1,562	243	209	275	15.5	13.2	17.6	1,329	1,373	1,287
Wrangell-Petersburg	3,186	3,154	3,097	320	193	322	10.0	6.1	10.4	2,866	2,961	2,775
Southwest Region	10,755	11,374	11,119	584	703	761	5.4	6.2	6.8	10,171	10,671	10,358
Aleutian Islands	3,008	3,161	3,071	79	88	88	2.6	2.8	2.9	2,929	3,073	2,983
Bethel	4,167	4,406	4,309	265	312	335	6.4	7.1	7.8	3,902	4,094	3,974
Bristol Bay Borough	387	403	410	34	33	50	8.8	8.2	12.2	353	370	360
Dillingham	1,911	2,048	1,995	94	141	144	4.9	6.9	7.2	1,817	1,907	1,851
Wade Hampton	1,282	1,356	1,334	112	129	144	8.7	9.5	10.8	1,170	1,227	1,190

P/ = Preliminary   R/ = Revised   1987 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates in any given month are as likely to be high as frequently as they are low. The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Trends Articles Published in 1988

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- Local Government in Alaska
- Employment and Earnings in Local Government
- Characteristics of Alaska's Unemployed

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- Women in Alaska's Labor Force
- MatSu's Economic Scene
- The Kenai Pennisula Borough: An Economic Assessment

March
- Alaska – 1987, The Year in Review
- Anchorage – 1987, The Year in Review
- Fairbanks – 1987, The Year in Review
- Gulf Coast – 1987, The Year in Review
- Southeast Alaska – 1987, The Year in Review
- Revised Employment, Labor Force and Hours and Earnings

April
- Alaska's Employment Forecast: 1988 – 1989
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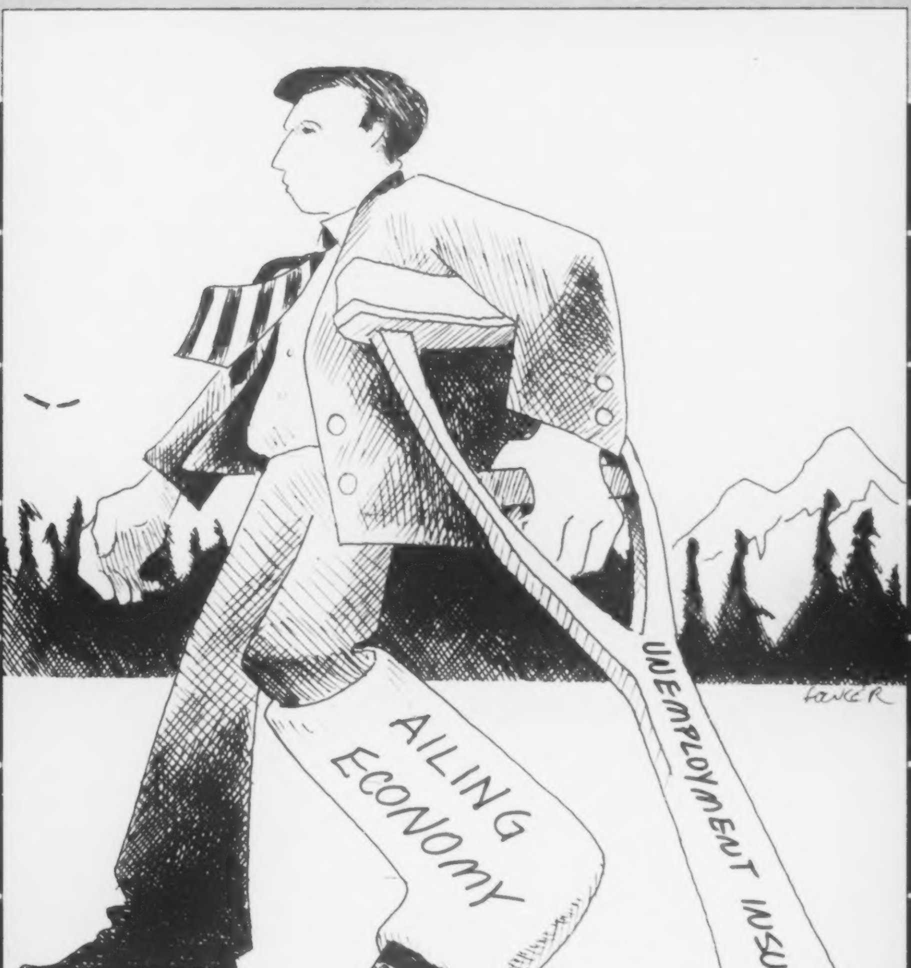
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February 1989

Unemployment Insurance System: It Works for Alaskans When Alaskans Cannot Work

December '88 Employment Up Everywhere but Anchorage

ALASKA ECONOMIC
TRENDS

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The Unemployment Insurance System: It Works for Alaskans When Alaskans Cannot Work

by Michael Hurst

The recession that began in late1985 had a serious impact on almost every sector of the Alaskan economy. It was the individual Alaska worker, though, who was among the most gravely affected and also was among the first affected. More than 20,000 workers' jobs disappeared from the economy in two short years, 1986 and 1987. Average yearly earnings per job declined by 3% during the same period. Many workers were forced to move south. More than 10,000 properties went into foreclosure.

The 1980s recession eventually touched nearly every industry, occupation, and geographic area. Among industries, construction was hit first and hardest, actually starting to decline in 1984. The transportation, communications and utilities sector followed close behind. The services, trade, finance and real estate industries began to sustain losses in 1987 when the recession's secondary effects — loss of wages — were triggered. In all, over $750 million in Alaska payroll was lost between 1985 and 1987.

More than 20,000 workers' jobs disappeared from the economy in 1986 and 1987.

UI System: Alaska's 3rd Largest Employer' During Recession

If it hadn't been for Alaska's Unemployment Insurance (UI) system, the impact of the recession would have been much more severe on both unemployed workers and on Alaska's economy in general. Between 1985 and 1988 more than 138,000 unemployed workers received unemployment compensation totalling over $578 million. Over $111 million more was paid out in benefits between November 1985 and April 1988 than was collected in taxes and reimbursements in that same period. This provided a direct stimulus to the economy. If the UI system's benefits were considered payroll, the system would have been the third largest employer in the state during this period.

Why Employers' Tax Rates Are Fluctuating Drastically

Both employees and employers benefit from the UI system. It is self-financed, primarily through employer and employee taxes. The financing method is automatic and is designed to be countercyclical. The countercyclical design explains why average employer tax rates are still fluctuating drastically. Evidence of this wild fluctuation is the fact that in 1985 the average employer tax rate amounted to 2.17%. In the present calendar year, the average tax rate on employers will be 4.14%, the highest in history. What are the reasons for the hike? Alaska employers are paying in 1989 for the increased benefit payments disbursed during the past recessionary year, and they are rebuilding the UI savings account as a buffer against future recessions.

Purpose of the Unemployment Compensation System is Twofold

The Alaska Employment Security Act was enacted by the territorial legislature in 1937 because state lawmakers recognized that "...involuntary unemployment is a serious menace to the health, morale, and welfare of the people of the state." With this legislative mandate in mind, there is a twofold purpose of the unemployment compensation system. The system is designed to: 1) Ease the

Many Alaskans were able to remain in the state during the last recession largely because of the unemployment insurance compensation they received while out of work.

financial distress of lost income to unemployed workers and their families, and 2) Maintain purchasing power to help stabilize the state's economy.

Focuses of this article:

Having briefly sketched out an overview of the Alaska Unemployment Insurance system and its recent effects on the state's economy, it's now pertinent to outline where this article is going. This commentary will focus primarily on the recessionary years of 1985 through 1988, and this article will —

— Evaluate the support that UI gave to unemployed workers.

— Examine how the Unemployment Insurance system in Alaska successfully achieved its goals during the recent recession.

— Show how the UI trust fund helped stabilize the economy.

— Explain why UI employer tax rates are so high in 1989, and

— Explain why the rates will decline in 1990 and 1991.

George and Jean – A typical, fictitious case

George had worked as a heavy equipment operator at a Fairbanks concrete plant since moving to Alaska in 1974. His wife Jean had been a loan officer at the local bank for six years. When the price of oil fell in late 1985, the concrete plant operation was closed and George was laid off. Jean was not affected immediately. But, eventually, the loss of wages in Fairbanks forced many residents to move south; many defaulted on their home loans. The bank began to lose assets and was forced to cut back. In late 1986 Jean was laid off.

George and Jean's story was a common one in Alaska between late 1985 and early 1988. About 20,000 jobs disappeared from the Alaska economy in 1986 and 1987. Many workers were indeed forced to move south. Home foreclosures and bankruptcies were a common occurrence.

Yet like many others who were laid off during the recession, George and Jean chose to remain in Fairbanks. Luckily, George was rehired after a few months of being out of work. He went back to work at the Fairbanks concrete plant after new military-related construction projects allowed the plant to reopen. Jean also returned to work after a few jobless months, having been hired by owners of a local tourism business.

The Fairbanks couple survived financially and were able to remain in the state largely because of the unemployment insurance compensation they received while out of work.

In order to better understand how the UI system helped George and Jean during their time of joblessness, and how it has helped thousands of other couples like them, it's pertinent to briefly explain UI's major programs. The system has two major programs — regular and extended benefits. Also important in coming to understand the UI benefits program are questions regarding adequacy of the benefits, and how much compensation individual claimants are entitled to receive.

Regular Benefits: $260 Per Week for 26 Weeks Is Maximum

The chief type of unemployment insurance benefits paid in the U.S. is called simply 'regular benefits'. How much a claimant receives in total regular benefits is determined by two elements: the claimant's weekly benefit amount and the number of weeks that the claimant receives benefits.

In Alaska, the claimant's weekly benefit amount is determined by his earnings in his 'base period'. (The base period is defined as the first four of the prior five complete calendar quarters.) The minimum benefit amount is $38 per week for total earnings of $1,000. The maximum is $188 per week for total earnings of $19,750 and over. A claimant may also receive dependents benefits, allowing him $24 for each dependent — up to three dependents. In all, therefore, it's possible for a claimant to receive up to $260 per week in benefit payments.

The number of weeks that a claimant can receive benefits depends upon the steadiness of the claimant's work history during his base period. The maximum number of weeks that a claimant can receive regular benefits is 26 weeks, presuming he received his earnings equally over four quarters. The minimum number of weeks is 16, presuming he received all of his earnings in one quarter.

Extended Benefits Payable Only When Statewide Insured Unemployment Rate is 6%

When a claimant exhausts all of the regular benefits to which he is entitled, he becomes eligible for an additional benefit program called 'extended benefits'. He may claim up to one-half of the amount of regular benefits for which he was found eligible. There is an additional eligibility restriction, however. Extended benefits are only payable when Alaska's statewide unemployment is above a certain level. Specifically, the statewide 'Insured Unemployment Rate' (IUR) must be at least 6.0%. The statewide IUR is a weekly ratio of:

$$\frac{\text{Claims Actually Filed}}{\text{Average Employment}}$$

In Alaska, extended benefits are usually payable beginning in January; they usually end in July or August. Figure 1 shows the insured unemployment rates for 1986 and 1988. Note that in 1986 the IUR never fell below 6.0%. This means that extended benefits were payable year-round in 1986.

Benefit Adequacy: A Critical Measure of the UI System's Success

A critical function of the UI system is to partially replace an individual's lost income while he is unemployed. An important measure of the system's success is determined by the percentage of earned income replaced by UI. This is often referred as 'benefit adequacy.' In 1988 the average weekly benefit amount for regular benefits was $156.57. In that same year, the average weekly earnings for UI recipients were $366. Thus, the average UI benefit replaced about 43% of the average earned income for UI claimants.

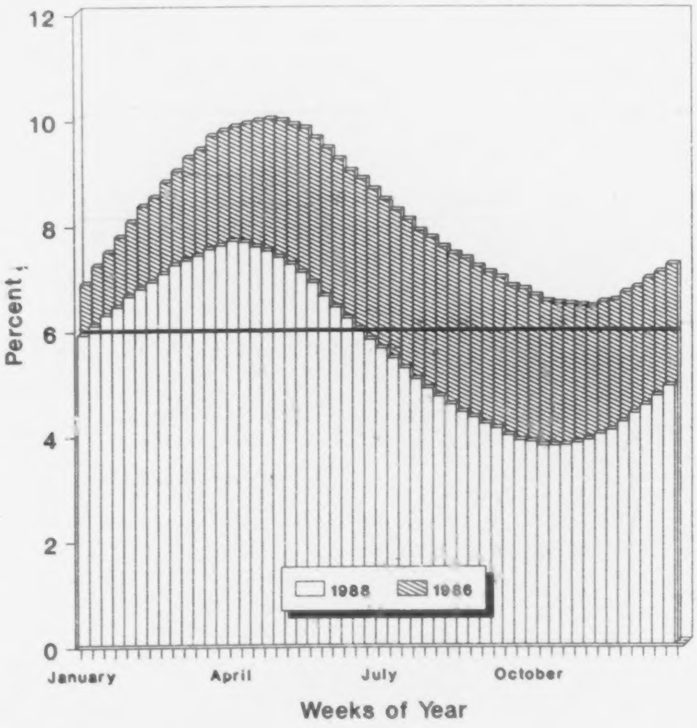
Table 1 provides data on the two main programs in Alaska — regular and extended benefits — for the five years 1984 to 1988. It lists the number of first payments (an approximation of the number of UI recipients), the total number of weeks claimants received payments, the amount of money they received in benefits, and the number of 'exhausts'. (Exhausts is defined as the number of recipients who have received the maximum benefits they were eligible to receive.) Table 1 also shows the 'Exhaustion Rate', and the average number of weeks each recipient has received compensation. (Exhaustion Rate is defined as the percentage of recipients who exhaust their eligible benefits.)

Note in Table 1 that all of the categories peaked in 1986; peaking in 1987, though, were the Exhaustion Rate and the average number of weeks per recipient. This indicates that while

In 1988, the average UI benefit replaced about 43% of claimants' average earned income.

Figure 1

Insured Unemployment Rate – 1986 and 1988



Extended Benefits payable when IUR is at least 6.0%

Source: Alaska Department of Labor, Research & Analysis

actual total claims began to decline after 1986, those who remained unemployed were out of work for a longer period of time. Even though there were fewer total recipients in 1987, the situation was worse in 1987 than 1986 for the individual UI recipient.

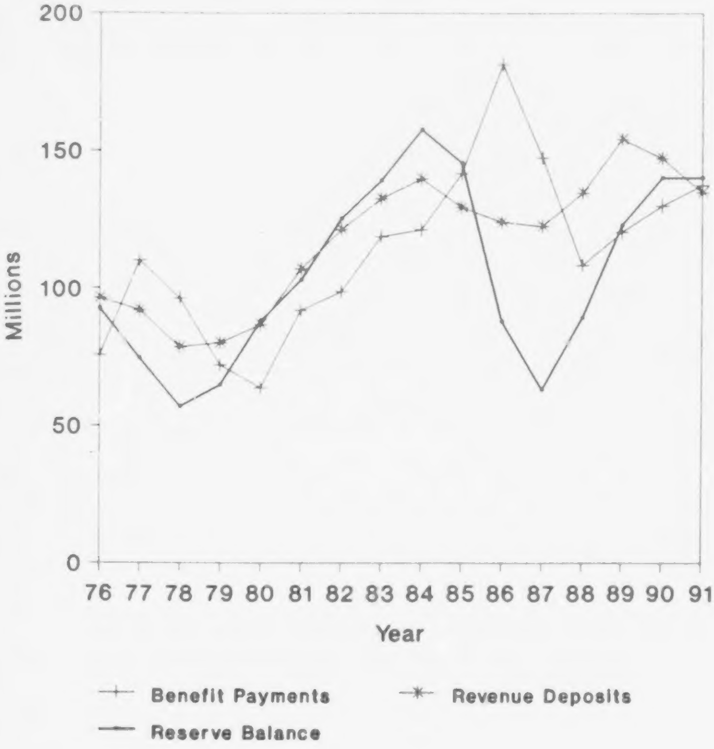
UI Disbursements Reduces Negative Income Multiplier Effect

When George lost his job his wages were not lost to just him. His wages were lost to the entire Fairbanks community because of his lost ability to purchase goods and services. This loss of demand for goods and services often results in further job layoffs. This turn of events is commonly known as a negative 'multiplier effect'. Using the multiplier effect, most economists estimate that no less than two jobs are lost for every initial layoff.

Part of UI's purpose is to diminish the negative multiplier's effect in causing additional lost jobs or wages. The UI system performed this function well during the past recession. More than $750 million was lost in total payroll in Alaska in 1986 and 1987. Much of this loss had already been induced by the multiplier effect. Yet at the same time unemployment compensation was pumping back into unemployed Alaska workers' hands more than $257 million.

Figure 2

UI Trust Fund Cash Flow
Payments, Revenues, Reserve Balance



Source: Alaska Department of Labor, Research & Analysis

Table 1

UI Recipients and Payments, 1984-1988

Year	First Payments	Weeks Paid	Amount Paid ($)	Final Payments (Exhausts)	Exhaust Rate	Average Duration (Weeks)
			Regular Benefits			
1984	45,453	662,704	96,612,962	20,704	0.46	14.6
1985	49,348	767,652	123,967,863	24,291	0.49	15.6
1986	55,514	911,807	147,359,435	30,148	0.54	16.4
1987	45,345	770,406	123,528,576	26,496	0.58	17.0
1988	36,090	579,422	92,974,600	18,670	0.52	16.1
			Extended Benefits			
1984	9,736	52,056	7,403,330	2,712	0.28	5.3
1985	12,158	69,368	10,715,479	3,749	0.31	5.7
1986	20,678	136,180	21,946,702	8,486	0.41	6.6
1987	13,145	94,773	15,230,837	6,246	0.48	7.2
1988	8,281	51,385	8,158,738	2,806	0.34	6.2

Source: ETA 5-159 report to the U.S. Department of Labor.

(Another $72 million was paid to former Alaska workers living outside of the state.) Altogether, the four years 1985-through-1988 the UI system accounted for over $451 million of income in Alaska. (In those same years, another $127 million was paid to former workers living out-of-state.)

UI Trust Fund Account Dropped Dangerously Low in 1987-88

The UI Trust Fund is designed to act as a savings account which can be drawn down during difficult economic times and built up when times have improved. As mentioned earlier the trust fund paid out $111 million more in benefits than it received in revenue between November 1985 and April 1988. This very large outflow of funds would not have been possible without adequate reserves in the UI Trust Fund. At the end of November 1985 the balance in the state's trust fund account was $157 million. The account hit bottom in late April 1988, falling to $46 million. (Figure 2 shows benefit disbursements, revenue deposits, and the reserve balance of the trust fund from 1976 to 1988. Figure 2 also depicts forecasts for 1989-91.)

One of the main obligations of all states' financing mechanisms is maintaining the solvency of the trust fund. Alaska's system is designed to remain perpetually solvent by way of a formula that automatically raises tax rates when benefits are high or when the trust fund is low. Yet in 1987 it appeared that the system's solvency might fail. To cope with that unexpected possibility, legislation was passed that year enabling the state to borrow money (and pay interest on the borrowed funds) to maintain the fund's solvency. The main reason for the falling trust fund balance was a massive rise in benefit payment outlays — from $121 million in 1984 to $142 million in 1985 and $182 million in 1986. In 1987, payments declined to $147 million; that outlay, though, still amounted to $25 million over revenues for 1987.

The trust fund did not go broke, though, and no money actually was borrowed to maintain its solvency. It was in April 1988 that the fund's steady negative momentum was finally halted. This past calendar year of 1988 saw a continuing decline in benefit payment outlays (to $108 million), and an increase in revenue (to $137 million). The increase can be attributed to higher UI taxes. At the end of 1988 the fund had recovered to a balance of about $89 million. By the end of 1989 it is expected to reach $120 million. And by the end of 1990 it is expected to reach $140 million. Alaska's UI trust fund hasn't been forced to borrow money since 1960. Barring any future recession of the same magnitude as that which occurred between 1985 and 1987, the fund should never have to borrow any funds. This likelihood is due to the state's automatic financing mechanism, which is the next subject of this article.

Current UI Rates: Why They Are Now So Historically High

George's employers were hard hit by the drop in oil prices just as were many other businesses throughout Alaska. They had to cut back to a skeleton crew, sell some of their equipment, and restructure some of their loans. For a couple of years they were constantly on the verge of bankruptcy. To make matters worse, the owners feared that George and their other best employees would leave the Fairbanks area. If those fears proved true, they would have had to pay additional expense to train new employees when their business revenues improved.

Fortunately, the concrete plant's unemployment insurance taxes were reasonably low during the time when the owners were on the verge of bankruptcy. In 1985 the owners' rates were 2.17% of each employee's taxable wages — about $473 per year per employee. By 1986 taxes had increased to $555 per employee. But in 1987 the taxes that the plant paid per employee rose to $866. And in 1988 the UI taxes soared to $1,097. Finally, the 1989 taxes that the concrete plant owners have been assessed are the highest they have ever been, $1,137.

What caused the tax rates to rise so much? And why such a rapid increase over the past three years? Two factors influenced the rates for the concrete plant. First, the plant's unique unemployment problems placed them in a higher 'tax bracket'. Second, and more important, average rates for all Alaska employers rose over the past

Alaska's UI system is designed to remain perpetually solvent by way of a formula that automatically raises tax rates when benefits are high or when the trust fund is low.

three years. All rates rose automatically to help the system recover from the 'benefits shock' of 1985 and 1986.

Before we examine in detail why rates are so high in this calendar year, it's relevant to understand how UI tax rates—both individual employers' and average UI tax rates — are calculated in the first place.

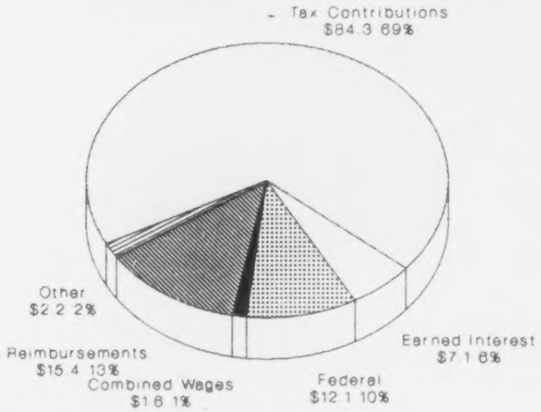
An Explanation of Individual Employers' Business Rates:

As Figure 3 shows, the greatest proportion of revenue flowing into the UI trust fund comes from employer and employee 'tax contributions'. In fact, tax contributions are the only source of revenue that significantly affects the balance of the trust fund; all other deposits are direct reimbursements. These revenues are tax contributions because they are assessed on employers by the state Department of Labor in advance of future UI payments to their employees.

Each employer is assigned to one of 21 different rate classes, each of which has a different tax rate. The assignment decision is linked to a couple of factors: If the employer has been operating a business for at least one year, the business' individual rate class is based on the employer's own individual experience with unemployment. If the business has been in operation for less than one year, it is assigned the average rate class shared by other employers in the same industry. This process is termed 'experience rating'.

Figure 3

UI Trust Fund Revenue Sources
1987, Total and Percentage of Total ($ = Millions)



'Combined Wages' are reimbursements from other states for shared UI, due to wages earned both in Alaska and other states.

Source: Alaska Department of Labor, Research & Analysis

In Alaska, an employer's experience rating is first determined by measuring declines in payroll from one quarter to the next. This figure is averaged over three years' time. (This method of measurement is used because declines in payroll are primarily caused by reductions in the business' work force. Reductions in the work force cause a rise in UI payments.) Employers with a low payroll decline receive a more favorable UI tax experience rating than employers showing high declines in payroll.

Each of every 21 rate classes is assigned a tax rate that is a percentage of the 'average' — or base — tax rate. The percentages range from 40% (for Rate Class 1) to 165% (for Rate Class 21). (The percentage for the average rate — which comes in at rate classes 10 and 11—is 100%.) These percentages are actually called 'experience factors'. Table 2 shows the 21 different rate classes, the experience factors, and the 1989 tax rates for each rate class.

For the employer to determine the business' maximum UI contribution paid on each employee, the employer can take the business' assigned tax rate and multiply it by each employee's taxable wages. (Taxable wages are determined by each state's UI tax base; Alaska's UI tax base is equal to 75 percent of the statewide average annual wage.) For 1989, the state's tax base is $20,900, down from $21,800 in 1985. Thus, in 1989, the maximum tax an employer will be required to pay per employee—for an employer in the 'average rate class' (rate classes 10 or 11) — will be $865.26, or 4.14% of $20,900.

How Average UI Tax Rates Are Calculated:

Although this article has first addressed individual employers' business rates, it is the average tax rate which is first computed and determined by the Alaska Department of Labor according to Alaska statutes.

Indeed, it is the average tax rate which is the real substance of Alaska's UI financing system. The level of the average tax rate determines how much total tax contributions are collected each year. Individual employers either pay lesser or greater percentages of this average rate.

Guts of the UI: Benefit Costs and the Benefit Cost Ratio

In order to understand how the average UI tax rates are calculated, it is first important to understand the 'guts' of the UI system, benefit costs and the 'benefit cost ratio'. Benefits paid to claimants are called 'benefit costs' because they are a cost to the system. (UI benefits have also been considered a cost of doing business to all U.S. employers ever since the Social Security Act was enacted in 1935.) Benefit costs do not include all benefits paid; instead, benefit costs are that portion of benefits paid to employees by taxable employers.

Benefit cost data alone are insufficient to determine the financial condition of the UI system. Wages paid are also a critical element because the total amount of wages paid in the state determines the amount of taxes being collected and the amount of potential future benefits for which the system might be liable. The fundamental driving force, then, of average UI tax rates, is what is known as the 'benefit cost rate' (BCR). The BCR is computed as: benefits paid in the current year divided by wages paid in the prior year.

Since the Unemployment Insurance system is self-financing, taxes collected in the long run must be equal to benefits paid in the long run. This is achieved when the long-run average tax rate is equal to the long-run benefit cost rate. (In 1980, the Alaska Legislature recognized the need to balance these two factors. As a result, lawmakers adopted it as the prime equation for determining tax rates.) Average UI tax rates are designed to be — in their most fundamental form — equal to the benefit cost rate.

Alaska UI System Designed to be Countercyclical and to Respond Rapidly to Economy's Changes

However, Alaska's UI system is not so simple. The design of this state's system has been devised so that it can respond quickly to changes in the economy and so that it can work in a countercyclical fashion. The system is designed to delay tax increases so that employers are not hit by the tax hikes during the worst part of a recession.

Table 2

UI Employer and Employee Contribution Rates, 1989

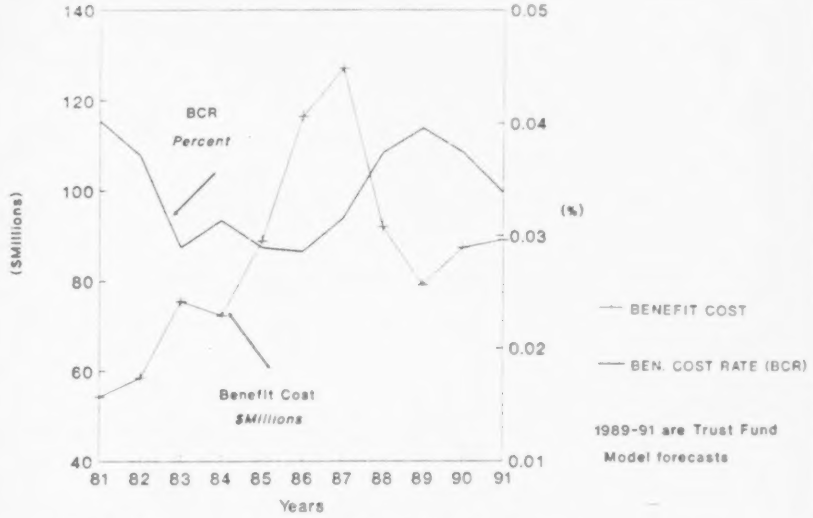
Rate Class	Experience Factor	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
1	0.40	0.7%	2.20%	2.90%
2	0.45	0.7	2.36	3.06
3	0.50	0.7	2.52	3.22
4	0.55	0.7	2.68	3.38
5	0.60	0.7	2.85	3.55
6	0.65	0.7	3.01	3.71
7	0.70	0.7	3.17	3.87
8	0.80	0.7	3.50	4.20
9	0.90	0.7	3.82	4.52
10	1.00	0.7	4.14	4.84
11	1.00	0.7	4.14	4.84
12	1.10	0.7	4.47	5.17
13	1.20	0.7	4.79	5.49
14	1.30	0.7	5.12	5.82
15	1.35	0.7	5.28	5.98
16	1.40	0.7	5.44	6.14
17	1.45	0.7	5.60	6.30
18	1.50	0.7	5.77	6.47
19	1.55	0.7	5.93	6.63
20	1.60	0.7	6.09	6.79
21	1.65	0.7	6.25	6.95

Average Benefit Cost Rate (ABCR) = 0.039558
.82 × ABCR = 0.032438
Trust Fund Solvency Adjustment (TFSA) = 0.009
Employee Tax Rate = 0.18 (ABCR) = 0.7%
Average Employer Tax Rate = 0.82 (ABCR) + TFSA = 4.14%
Individual Employer Tax Rates = 0.82 (ABCR) (Experience Factor) + TFSA

Sources: Alaska Statutes 23.20.290. Alaska Department of Labor, 1988. Table 1, UI Tax Rate Calculations, 1989.

Figure 4

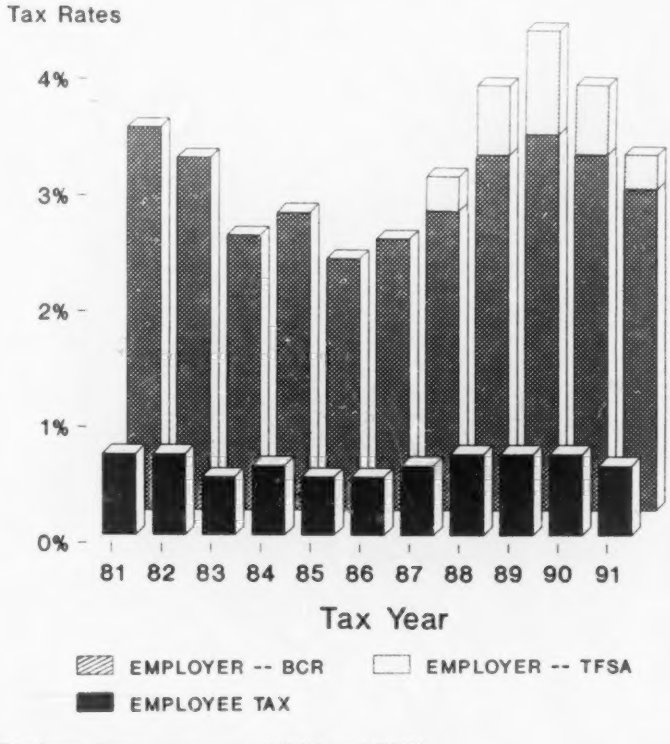
UI Benefit Costs and Rate (BCR)
State Fiscal Years 1981 – 1991



Source: Alaska Department of Labor, Research & Analysis

Figure 5

Components of Average UI Tax Rate
Employer and Employee Taxes



Employer taxes are sum of BCR and TFSA

Source: Alaska Department of Labor, Research & Analysis

In theory, a system that is strictly countercyclical is one which has a single tax rate year after year. In contrast, a system that is not countercyclical — but instead responds rapidly to changes — computes rates according to benefit payments of the prior year.

Alaska's UI system, as mentioned beforehand, is a compromise between a state's need to respond quickly to changes in its economy and the need for the system to work in a countercyclical fashion. Rather than using a one-year formula to compute the benefit cost rate, Alaska uses an average of the three prior years. (Figure 4 depicts benefit costs and the three-year benefit cost rate for state fiscal years 1981 through 1988. Figure 4 also depicts forecasts for 1989 through 1991).

Employers Pay 82% of Benefit Cost Rate, Employees 18%

Once the three-year benefit cost rate is determined, employers are assigned 82% of that rate, employees the other 18%. All employees' taxes are equal. The average employer tax varies, however. The employer's tax rate is a result of the average employer tax multiplied by the individual employer's experience factor. In a stable economy, this is all there is to the computation of tax rates.

Additional Surtax Ensures Trust Fund's Solvency

However, in a severe recession like the state has experienced over the past few years, this system — as designed so far — is unlikely to recover quickly enough to ensure a solvent trust fund. In order then to ensure trust fund solvency during recessionary years, an additional 'surtax' is added to employer tax rates. This surtax is called the Trust Fund Solvency Adjustment (TFSA). The TFSA is determined by a schedule dictated by Alaska statutes. It ranges from -0.4% (when the trust fund balance is excessively high) to 1.1% (when the trust fund balance is dangerously low). The TFSA also acts in a countercyclical fashion; it cannot rise or drop by more than 0.3% from one year to the next. In 1985 the TFSA was -0.2%. In 1987 and 1988, it was 0.3% and 0.6%. In this calendar year, 1989, the TFSA is 0.9%.

Altogether, George's employers' tax rate is calculated this way: It is the total of two computations; that is, 82% of Alaska's three-year benefit cost rate is multiplied by the plant's own experience factor. And added to this sum is the Trust Fund Solvency Adjustment.

Now, after having gained a basic understanding of the formula which determines the UI tax rate, it's possible to comprehend why the tax rates were so high in 1988 and continue to be high in 1989. It's also possible to perceive why UI tax rates in Alaska are expected to decline in 1990 and 1991.

Average Tax Rates Tracked Between 1981 and 1991

Figure 5 illustrates the components of employee and employer tax rates; the rates are depicted as a percent of taxable wages. The employer tax rates include both portions attributable to the benefit cost rate, as well as the Trust Fund Solvency Adjustment.

(The sum of these two elements is the total average employer tax rate.) These employer rates are the average tax rates for each year listed. The figure includes data as far back as 1981, the first year of Alaska's current financing system. The 1989 tax rates are actual rates, having already been assigned. The 1990 and 1991 rates are forecasts generated by DOL Research & Analysis economists using the department's UI Trust Fund Model.

We can see from Figure 5 that tax rates declined steadily through the early 1980s, then began to rise in 1986. Over the last 20 years, the average tax rate has been about 3.2%. This tells us that the rates between 1983 and 1986 were substantially lower than average. Figure 5 also points out, though, that benefit costs were actually increasing during these same years, and that they nearly peaked in 1986. During this time, benefit cost rates were declining while benefit costs were rising. This apparent contradiction can be explained via two factors: total wages were rising faster than benefit costs, and the benefit cost rate is a three-year average.

The Surtax (TFSA) and Rising Benefit Costs Are the Causes of Higher UI Taxes

It is pertinent to note in Figure 5 that the benefit cost rate portion of employer taxes is about the same for SFY 1989 as it was for SFY 1981. The reason that total taxes are higher is due to the TFSA. Figure 2 demonstrates the fact that rising UI Trust Fund revenues (caused by lower tax rates, coupled with higher employment and payroll) kept pace with rising benefits until 1984. Between 1985 and 1987 trust fund reserves plunged sharply. This sudden plunge caused the first positive TFSA — amounting to +0.3% — to be added to 1987 tax rates. Through this calendar year, 1989, the TFSA has risen to 0.9%

By adding together the two portions of employer tax rates — the benefit cost rate and the TFSA — it's possible to come to two conclusions: 1) That the higher tax rates of 1987 through 1989 represent a delayed reaction to the rapidly rising benefit costs amassed between 1984 and 1987, and 2) That the higher tax rates of 1987 through 1989 represent a move to recapture UI trust funds lost during the precipitous decline of its reserve balance between 1985 and 1988.

It's worthy to again note that if a countercyclical financing system did not exist, the highest tax rates would have occurred in 1986 and 1987, the two worst years of the recession.

Thus, higher tax rates are being levied this year so that prior benefit payments can be adequately covered. Further, the higher tax rates are being levied so that the trust fund can be rebuilt to cover any possible, future recession.

UI Tax Rates To Drop In 1990 and 1991, and Possibly in 1992

It's encouraging to point out that the same elements that have caused tax rates to increase (benefit costs and TFSA) will combine to produce lower tax rates in 1990 and 1991. It's likely, too, that 1992 will also be a year marked by lower UI taxes. Here are the reasons: Benefit costs began to decline in the

If the countercyclical financing system did not exist, the highest tax rates would have occurred in 1986 and 1987, the two worst years of the recession.

These projections - that UI tax rates will drop in 1990 and 1991, and possibly in 1992 - could prove overly optimistic if the state's current budget shortfall results in added job losses in 1989.

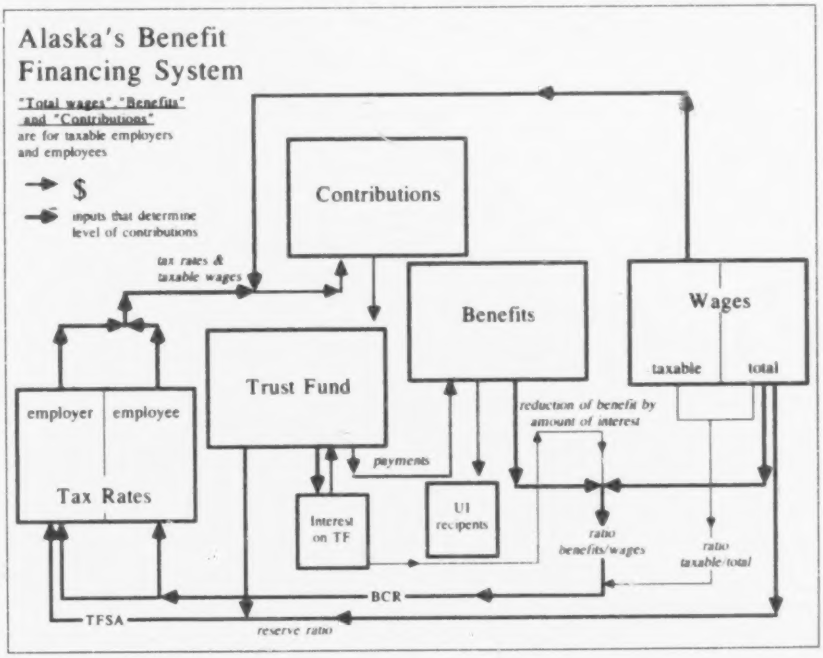
latter half of 1987 and should continue to decline until mid-1989. So that portion of tax rates attributed to benefit costs will begin to decline in 1989 and continue to decline through 1991. Meanwhile, the UI trust fund reserve began to recover in 1988 and will continue to recover through 1991. So the Trust Fund Solvency Adjustment will begin to decline in 1990.

These projections are based on current estimates of future employment and unemployment by the state Department of Labor. These projections could prove overly optimistic if the state's current budget shortfall results in added job losses in 1989. Added unemployment in 1989 could reduce the rate of decline of employer tax rates. But because UI tax rates are calculated upon past data, new job layoffs are unlikely to alter the fact that declining tax rates will occur.

Conclusion

The Alaska Unemployment Insurance system is just that — an insurance system — and not a social welfare system. It is only available to persons who have worked and are temporarily unemployed. There is a limit to the amount of benefits that can be claimed. It is financed through the payment of premiums — in this case, employer and employee taxes and reimbursements. As with other forms of insurance, these 'premiums' are often a bitter pill for employers to swallow, especially when the rates rise to exceptionally high levels. As with other forms of insurance, though, when the benefits are needed they provide vital support to the recipients.

Unemployment insurance has the dual purpose of providing temporary income support for unemployed workers and providing a measure of stability to the economy. During the recession that began in late 1985, Alaska's Unemployment Insurance system has performed well. Many thousands of workers received hundreds of millions of dollars in compensation. This allowed many of the workers to stay in Alaska. Without the compensation they would have been forced to leave the state. Furthermore, the reserves in the UI trust fund account provided a critical buffer to a flagging economy. The system is now in the process of rebuilding its reserves. And barring any major economic catastrophe, the UI system will continue serving Alaska workers when called upon in the future.


Alaska's Benefit Financing System

"Total wages", "Benefits" and "Contributions" are for taxable employers and employees
→ $
inputs that determine level of contributions
Contributions
tax rates & taxable wages
Benefits
Wages
taxable
total
Trust Fund
employer
employee
Tax Rates
reduction of benefit by amount of interest
payments
Interest on TF
UI recipents
ratio benefits/wages
ratio taxable/total
BCR
TFSA
reserve ratio

About the Author:

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December '88 Employment Up Everywhere but Anchorage

by Holly Stinson

December's employment numbers reveal some good news and some bad news about the Alaska economy.

The bad news: Anchorage employment is still below year-ago levels.

The good news: Employment during the month of December was up in all other areas of the state.

The best of the good news: There are more jobs than last year for the fourth — and in some regions the fifth — month in a row.

Unemployment rates appear to point to an economic turnaround. The statewide rate this past December remained at November's level of 9.0%. (See Table 4.) While the rate rarely varies much during the winter months, the December 1988 rate was lower than any other December of this decade. A nine percent unemployment rate translates into just over 21,300 jobless Alaskans. That's fewer unemployed Alaskans in any December since 1981.

Statewide, sectors of the economy that showed the most gain from year-ago levels are mining (which includes the oil and gas industry), timber, and services. (See Table 1.) November 1988 employment figures were also above those of 1987 for these three same industries. Without question, the construction industry remains the hardest hit by the recession.

Mining Employment Up

The mining industry is seeing a rise in employment. Better prices for gold and silver are spurring increased exploration and development. The Interior region has seen a doubling of claims in the last year; it has also seen new commitments for exploration totaling $20 million. In Juneau, the Greens Creek gold and silver mine is coming into full production in February. In addition, there is talk of reopening the Alaska-Juneau gold mine.

Table 1

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 12/88	r/ 11/88	12/87	Changes From: 11/88	Changes From: 12/87
Nonag. Wage & Salary	204,800	207,300	203,100	-2,500	1,700
Mining	8,900	8,900	8,200	0	700
Construction	7,100	8,100	8,800	-1,000	-1,700
Manufacturing	10,900	12,100	10,500	-1,200	400
Seafood Processing	4,500	5,500	4,600	-1,000	-100
Lumber & Paper Prod.	3,300	3,500	2,800	-200	500
All Other Manufacturing	3,100	3,100	3,100	0	0
Transportation	17,400	17,500	17,000	-100	400
Trucking & Warehousing	2,400	2,400	2,400	0	0
Water Transportation	1,000	1,100	900	-100	100
Air Transportation	5,500	5,400	5,200	100	300
All Other Transportation	8,500	8,600	8,500	-100	0
Trade	41,800	41,700	41,400	100	400
Wholesale	7,300	7,300	7,300	0	0
Retail	34,500	34,400	34,100	100	400
Gen. Mer. & Apparel	5,600	5,300	5,400	300	200
Food Stores	6,200	6,200	6,000	0	200
Eating & Drinking Pl.	11,800	12,100	11,800	-300	0
All Other Retail	10,900	10,800	10,900	100	0
Finance-Ins. & R.E.	10,500	10,500	10,800	0	-300
Services	41,100	41,100	40,300	0	800
Government	67,100	67,400	66,100	-300	1,000
Federal	18,200	18,100	18,300	100	-100
State	20,100	20,400	18,700	-300	1,400
Local	28,800	28,900	29,100	-100	-300

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1987.

p/ Denotes Preliminary Estimates.
r/ Denotes Revised Estimates.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage

	p/	r/		Changes From:	
	12/88	11/88	12/87	11/88	12/87
Nonag. Wage & Salary	99,150	99,500	99,700	-350	-550
Mining	3,650	3,600	3,100	50	550
Construction	3,450	3,850	4,800	-400	-1,350
Manufacturing	2,000	2,100	1,900	-100	100
Transportation	9,150	9,450	9,200	-300	-50
Trucking & Warehousing	1,500	1,600	1,450	-100	50
Water Transportation	250	300	250	-50	0
Air Transportation	3,200	3,250	3,100	-50	100
All Other Transportation	4,200	4,300	4,400	-100	-200
Trade	24,050	23,950	24,000	100	50
Wholesale	5,650	5,650	5,300	0	350
Retail	18,400	18,300	18,700	100	-300
Gen. Merch. & Apparel	2,700	2,600	2,900	100	-200
Food Stores	2,900	2,950	2,950	-50	-50
Eating & Drinking Pl.	7,000	6,950	6,950	50	50
All Other Retail	5,800	5,800	5,900	0	-100
Finance-Ins. & R.E.	7,150	7,200	7,150	-50	0
Services	23,650	23,400	23,300	250	350
Government	26,050	25,950	26,250	100	-200
Federal	10,400	10,350	10,550	50	-150
State	7,100	7,150	7,000	-50	100
Local	8,550	8,450	8,700	100	-150

Anchorage-MatSu

	p/	r/		Changes From:	
	12/88	11/88	12/87	11/88	12/87
Nonag. Wage & Salary	105,500	106,200	105,850	-700	-350
Mining	3,650	3,600	3,100	50	550
Construction	3,650	4,150	4,950	-500	-1,300
Manufacturing	2,050	2,150	1,950	-100	100
Transportation	9,750	10,050	9,800	-300	-50
Trade	25,650	25,700	25,550	-50	100
Finance-Ins. & R.E.	7,650	7,650	7,600	0	50
Services	24,750	24,500	24,400	250	350
Government	28,350	28,400	28,500	-50	-150

Gulf Coast

	p/	r/		Changes From:	
	12/88	11/88	12/87	11/88	12/87
Nonag. Wage & Salary	18,400	19,200	18,200	-800	200
Mining	800	800	850	0	-50
Construction	750	850	800	-100	-50
Manufacturing	2,800	3,400	3,000	-600	-200
Seafood Processing	2,200	2,800	2,400	-600	-200
All Other Manufacturing	600	600	600	0	0
Transportation	1,300	1,350	1,300	-50	0
Trade	3,450	3,450	3,400	0	50
Wholesale	400	400	400	0	0
Retail	3,050	3,050	3,000	0	50
Finance-Ins. & R.E.	550	550	550	0	0
Services	3,150	3,150	3,050	0	100
Government	5,600	5,650	5,250	-50	350
Federal	500	500	500	0	0
State	1,700	1,750	1,450	-50	250
Local	3,400	3,400	3,300	0	100

Fairbanks

	p/	r/		Changes From:	
	12/88	11/88	12/87	11/88	12/87
Nonag. Wage & Salary	25,250	25,550	24,550	-300	700
Mining	50	50	50	0	0
Construction	1,300	1,450	1,450	-150	-150
Manufacturing	500	500	500	0	0
Transportation	2,100	2,100	1,900	0	200
Trucking & Warehousing	350	350	300	0	50
Air Transportation	350	350	300	0	50
All Other Transportation	1,400	1,400	1,300	0	100
Trade	5,550	5,600	5,500	-50	50
Wholesale	700	700	700	0	0
Retail	4,850	4,900	4,800	-50	50
Food Stores	800	850	850	-50	-50
All Other Retail	4,050	4,050	3,950	0	100
Finance-Ins. & R.E.	800	800	900	0	-100
Services	5,400	5,400	5,200	0	200
Government	9,550	9,650	9,050	-100	500
Federal	2,900	2,900	2,750	0	150
State	4,000	4,150	3,800	-150	200
Local	2,650	2,600	2,500	50	150

Interior

	p/	r/		Changes From:	
	12/88	11/88	12/87	11/88	12/87
Nonag. Wage & Salary	28,750	29,200	28,100	-450	650
Mining	200	200	200	0	0
Construction	1,350	1,550	1,500	-200	-150
Manufacturing	500	500	500	0	0
Transportation	2,350	2,350	2,200	0	150
Trade	5,900	5,900	5,850	0	50
Finance-Ins. & R.E.	900	900	950	0	-50
Services	5,750	5,850	5,500	-100	250
Government	11,800	11,950	11,400	-150	400

Southeast Alaska

	p/	r/		Changes From:	
	12/88	11/88	12/87	11/88	12/87
Nonag. Wage & Salary	28,650	29,100	26,950	-450	1,700
Mining	200	200	150	0	50
Construction	750	900	850	-150	-100
Manufacturing	3,850	4,100	3,600	-250	250
Seafood Processing	500	550	700	-50	-200
Lumber & Paper Prod.	3,100	3,300	2,700	-200	400
All Other Manufacturing	250	250	200	0	50
Transportation	2,100	2,100	1,950	0	150
Trade	4,750	4,650	4,300	100	450
Wholesale	450	450	350	0	100
Retail	4,300	4,200	3,950	100	350
Finance-Ins. R.E.	1,050	1,100	1,050	-50	0
Services	4,500	4,550	4,250	-50	250
Government	11,450	11,500	10,850	-50	600
Federal	2,050	2,050	1,900	0	150
State	5,050	5,150	4,800	-100	250
Local	4,350	4,300	4,150	50	200

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1987. p/ Denotes Preliminary Estimates r/ Denotes Revised Estimates

Oil Exploration Activity Increasing

Despite lower oil prices, the oil industry is increasing its exploration activity on the North Slope. The 1989 drilling season should be one of the busiest in several years. December's employment figures substantiate this. BP Exploration (Alaska) Inc. executives recently announced they are preparing the Hurl State field for oil production. Development of this oil field, located on the edge of Prudhoe Bay, is expected to help maintain oil production at Prudhoe Bay.

Lumber and Paper Products Up

A healthy rise in lumber and paper products manufacturing is driving the economic recovery in the Southeast where 94% of this industry's jobs are located. Other areas of the state are just now starting to harvest timber. Logging in the Ninilchik area of the Kenai Peninsula began this month. Shipments to the Pacific Rim via Homer should begin in February 1989. Further, a complicated land trade near Homer may allow for timber harvesting there.

Seafood Processing Holding Its Own

Other manufacturing — especially seafood processing — is holding its own. Compared to year-ago levels, the industry statewide either remains the same or is just short of those levels. This year there was no tanner crab season in Prince William Sound or Cook Inlet due to low stocks. The Western Aleutians enjoyed, though, an above-average harvest — both price- and pound-wise — during November and December.

Service Industry Gaining, Too

The service industry is the third industry to show significant gains for at least two consecutive months. Preliminary employment estimates indicate over-the-year gains for all regions of the state: 350 jobs in Anchorage, 250 jobs in the Interior, 250 jobs in the Southeast, and 100 jobs in the Gulf Coast. Most of these employment gains are in the medical, legal, and engineering/architectural fields.

The 1989 oil drilling season should be one of the busiest in several years.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 12/88	R/ 11/88	12/87	P/ 12/88	R/ 11/88	12/87	P/ 12/88	R/ 11/88	12/87
Mining	$1,123.90	$1,122.55	$1,201.18	49.1	48.4	49.8	$22.89	$22.78	$24.12
Construction	858.05	896.94	891.33	37.7	38.2	36.5	22.76	23.48	24.42
Manufacturing	575.72	577.30	542.03	42.9	46.0	40.3	13.42	12.55	13.45
Seafood Processing	368.84	422.18	308.85	44.6	50.5	38.8	8.27	8.36	7.96
Lumber & Paper Prod	695.08	684.91	683.99	41.3	42.7	42.3	16.83	16.04	16.17
Trans., Comm. & Util.	564.61	596.74	567.00	35.2	36.7	36.0	16.04	16.26	15.75
Trade	369.94	371.58	345.83	33.6	33.0	32.2	11.01	11.26	10.74
Wholesale	520.37	524.49	529.15	37.9	38.2	38.4	13.73	13.73	13.78
Retail	322.64	322.39	286.60	32.2	31.3	30.2	10.02	10.30	9.49
Finance-Ins. & R.E.	407.10	399.68	390.10	34.5	33.7	34.1	11.80	11.86	11.44

Benchmark: March 1987

[1] Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

[2] excludes eating and drinking establishments

Average Hours and Earnings Series: Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

The drastic drop in the state's capital projects budget means a slow recovery for the construction industry.

Retail: Up Slightly

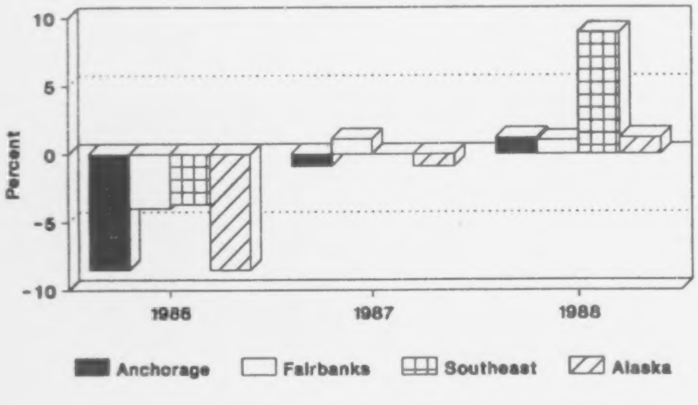
Retail trade employment increased only slightly during the 1988 holiday season. (See Figure 1.) The relatively healthy Southeast economy accounted for most of December's increase. During the 1987 holiday season, employment actually decreased in this industry. The December 1986 picture was not much better; only 100 additional statewide jobs were created that year. During this past Christmas, many merchants reported that lower-priced items sold better than higher-priced ones.

FIRE Sector's Pace Still Doused

The finance, insurance, and real estate (FIRE) industry is still not out of the woods. Total employment in this industry remains below year-ago levels. However, Anchorage employment in this sector shows no change from last December. Since Anchorage's financial institutions and real estate markets have been particularly stressed over the past three years, the absence of a drop in job levels is encouraging news.

Figure 1

December Retail Trade
Change in Employment from Previous Year



Source: Alaska Department of Labor, Research & Analysis

Government Jobs: Feds & Local Down, State Up

For the state as a whole, there are fewer jobs with federal and local governments this month than in last December. In every region, though, state government jobs show slight over-the-year gains. Responsible for much of this growth is a rise in University of Alaska employment.

Construction Industry Remains On Critical List

The construction industry remains the most severely depressed sector of Alaska's economy. The number of jobs statewide is down 1,700 from last December. And the 1987 figures are only half the level of the 1983-84 boom. This is true even for the historically slow construction month of December. Building activity on the military bases near Fairbanks helped keep construction employment close to last year's level in the Interior region. The Bradley Lake Hydroelectric Project near Homer and the Red Dog lead and zinc mine near Kotzebue also contributed to keeping employment levels from falling even further. But the construction industry is still on the critical list. The drastic drop in the state's capital projects budget — $323 million in FY 89 vs. $1.434 billion in FY 85 — means a slow recovery for this industry.

No Notable Change In Anchorage's December Jobless Rate

Anchorage's economic recovery is hampered by lower employment levels in the construction industry. (See Table 2.) In fact, total Anchorage employment would show over-the-year gains if not for construction-related job losses. Anchorage's December unemployment rate fell three-tenths of a percent — from the November rate — to 6.8%. The Mat-Su Borough unemployment rate remained the same as that in November, 15.5%.

Anchorage is seeing some over-the-year employment growth in the mining and manufacturing sectors. However, the city's job picture in the transportation, service, government, and finance/insurance/real estate industries remains flat or slightly below year-ago levels. Wholesale trade enjoyed employment gains compared to last December. But job losses in retail trade from year-ago levels negated this growth, holding flat Anchorage's total trade employment for the second consecutive month. If the statewide economy is indeed turning the corner, Anchorage's economy is at most just peeking around that corner.

December Job Growth in Southeast Is At Its Peak for This Decade

In the Southeast there were more jobs this past December than there were for any December during the 1980s. There is little question that the economy in this region has turned the corner and is climbing upwards. December employment levels continue to show over-the-year growth for the fifth straight month. Further, the growth rate increased from 3% in August to over 6% in December.

Every industry in the Southeast enjoyed job growth with the notable exception of construction. Although seafood processing employment is below year-ago levels, a strong timber and pulp industry kept the level of total manufacturing job numbers above those of last December. The region's unemployment rate showed a seasonal increase — from November — to 8.9%. But that rate is almost a full percentage point below that of last December's.

Gulf Coast Turning Corner, Too

It looks like the Gulf Coast's economy also turned the corner in August. As in the Southeast, December numbers showed over-the-year employment growth for the fifth consecutive month. But the Gulf Coast's overall growth is unlike the steadily increasing progression in the Southeast; instead, its growth is hovering around 1%. Retail trade, services, and state and local government employment is above that of last December. Employment in the mining, construction and seafood processing industries remains below year-ago levels. Unemployment rates showed a typical, upward seasonal trend to 12.3%. That's almost 1% higher than November's rate, but almost 1% lower than one year ago.

Fairbanks Military Bases Survive Cut

Fairbanks and the Interior region have experienced over-the-year employment gains since September 1988, and December was no exception. Industries showing some growth are transportation (all types), services, and all of government — federal, state, and local. The losing industries in Fairbanks mirror the losers in the Anchorage economy, with construction and finance/insurance/real estate employment down from year-ago levels. The Interior's December unemployment rate dropped slightly from November to 12.4%. That figure is 1.5% below December 1987.

Fairbanks breathed an almost audible sigh of relief when the local military bases were not included in the federal government's December 'hit list.' Fairbanks was excluded from a list drawn up by a federal commission charged with closing down American military bases. This was perhaps the best news for this region in December because the military plays such an important role in the Interior's economy.

Summary: Good News Begins to Outweigh the Bad

Good news and bad news still describes Alaska's economy. The good news, though, is beginning to outweigh the bad. December's employment and unemployment levels indicate a long-awaited turnaround in most sectors of the economy. Perhaps the worst of December's bad news is that more areas of the state were not doing as well as the Southeast region.

Other economic indicators point to an upbeat conclusion: Mining companies are boosting investments in exploration and development. Oil prices are rising. The state's real estate market is showing signs of recovery, with fewer delinquencies and a stable inventory of foreclosed homes. The timber industry is booming, and the seafood industry remains healthy. Unemployment rates look better than in recent memory, and the Alaska military presence will remain at current levels for the time being.

About the Author:

Holly Stinson is a labor economist employed for four months with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Anchorage.

Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 12/88	R/ 11/88	12/87	P/ 12/88	R/ 11/88	12/87	P/ 12/88	R/ 11/88	12/87	P/ 12/88	R/ 11/88	12/87
Alaska Statewide	236,008	237,140	237,724	21,326	21,282	23,706	9.0	9.0	10.0	214,682	215,858	214,018
Anch.-MatSu Region	124,261	124,702	126,818	9,667	10,069	10,718	7.8	8.1	8.5	114,594	114,633	116,100
Anchorage Borough	109,786	109,577	112,404	7,420	7,824	8,215	6.8	7.1	7.3	102,366	101,753	104,189
MatSu Borough	14,475	15,125	14,414	2,247	2,245	2,503	15.5	14.8	17.4	12,228	12,880	11,911
Gulf Coast Region	25,060	25,548	25,243	3,079	2,859	3,318	12.3	11.2	13.1	21,981	22,689	21,925
Kenai Peninsula Bor. ...	15,978	16,462	16,196	2,249	2,291	2,502	14.1	13.9	15.4	13,729	14,171	13,694
Kodiak Island Bor.	5,426	5,435	5,406	365	211	358	6.7	3.9	6.6	5,061	5,224	5,048
Valdez-Cordova	3,656	3,651	3,641	465	357	458	12.7	9.8	12.6	3,191	3,294	3,183
Interior Region	35,330	35,569	35,578	4,367	4,463	4,943	12.4	12.5	13.9	30,963	31,106	30,635
Fairbanks No. Star Bor..	30,379	30,477	30,546	3,627	3,601	4,077	11.9	11.8	13.3	26,752	26,876	26,469
Southeast Fairbanks ...	2,076	2,112	2,120	270	298	333	13.0	14.1	15.7	1,806	1,814	1,787
Yukon-Koyukuk	2,875	2,980	2,912	470	564	533	16.3	18.9	18.3	2,405	2,416	2,379
Northern Region	7,854	7,762	7,749	717	647	754	9.1	8.3	9.7	7,137	7,115	6,995
Nome	3,046	2,985	3,007	330	278	345	10.8	9.3	11.5	2,716	2,707	2,662
North Slope Borough ..	2,787	2,758	2,734	160	139	159	5.7	5.0	5.8	2,627	2,619	2,575
Northwest Arctic Bor. ..	2,021	2,019	2,008	227	230	250	11.2	11.4	12.5	1,794	1,789	1,758
Southeast Region	32,843	32,755	31,510	2,935	2,659	3,083	8.9	8.1	9.8	29,908	30,096	28,427
Haines Borough	847	839	839	93	80	122	11.0	9.5	14.5	754	759	717
Juneau Borough	14,188	14,292	13,573	852	873	898	6.0	6.1	6.6	13,336	13,419	12,675
Ketchikan Gateway Bor..	6,631	6,489	6,151	721	542	534	10.9	8.4	8.7	5,910	5,947	5,617
Pr. of Wales-Outer Ketch.	2,478	2,482	2,379	335	325	342	13.5	13.1	14.4	2,143	2,157	2,037
Sitka Borough	3,904	3,885	3,771	318	276	362	8.1	7.1	9.6	3,586	3,609	3,409
Skagway-Yakutat-Angoon	1,602	1,575	1,629	278	243	371	17.4	15.4	22.8	1,324	1,332	1,258
Wrangell-Petersburg	3,193	3,193	3,168	338	320	454	10.6	10.0	14.3	2,855	2,873	2,714
Southwest Region	10,660	10,804	10,826	561	585	890	5.3	5.4	8.2	10,099	10,219	9,936
Aleutian Islands	2,959	3,022	2,956	51	79	95	1.7	2.6	3.2	2,908	2,943	2,861
Bethel	4,126	4,186	4,191	251	265	379	6.1	6.3	9.0	3,875	3,921	3,812
Bristol Bay Borough ...	409	389	398	58	34	53	14.2	8.7	13.3	351	355	345
Dillingham	1,912	1,920	1,940	108	94	165	5.6	4.9	8.5	1,804	1,826	1,775
Wade Hampton	1,254	1,287	1,341	93	113	198	7.4	8.8	14.8	1,161	1,174	1,143

P/ = Preliminary   R/ = Revised   1987 Benchmark

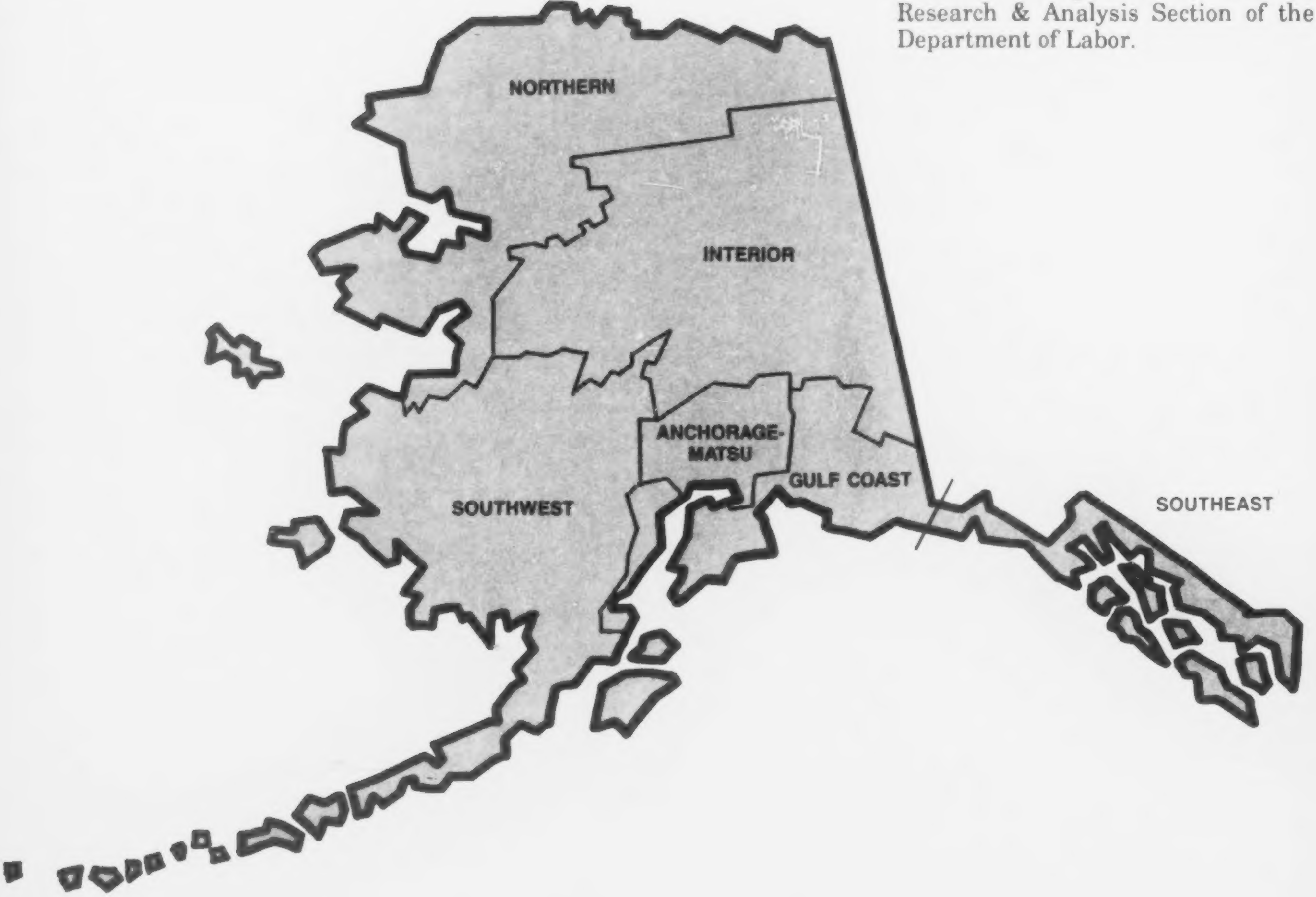
Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates in any given month are as likely to be high as frequently as they are low. The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Newly Released DOL Publications

Nonresidents Working in Alaska 1987, a 69-page publication published by the Alaska Department of Labor (DOL), was released to the governor, the legislature, and the public in late January 1989.

Researched and written by DOL Research & Analysis Section economists, the publication was the fourth of its kind in an annual series. Mandated by the state legislature in 1986, *Nonresidents Working in Alaska* addresses the status of employment in Alaska and the effect of nonresident employment on residents of the state. It also summarizes resident hire employment preference decisions made by DOL Commissioner Jim Sampson during 1987.

Copies of the report are free and available through the Juneau-based Research & Analysis Section of the Department of Labor.



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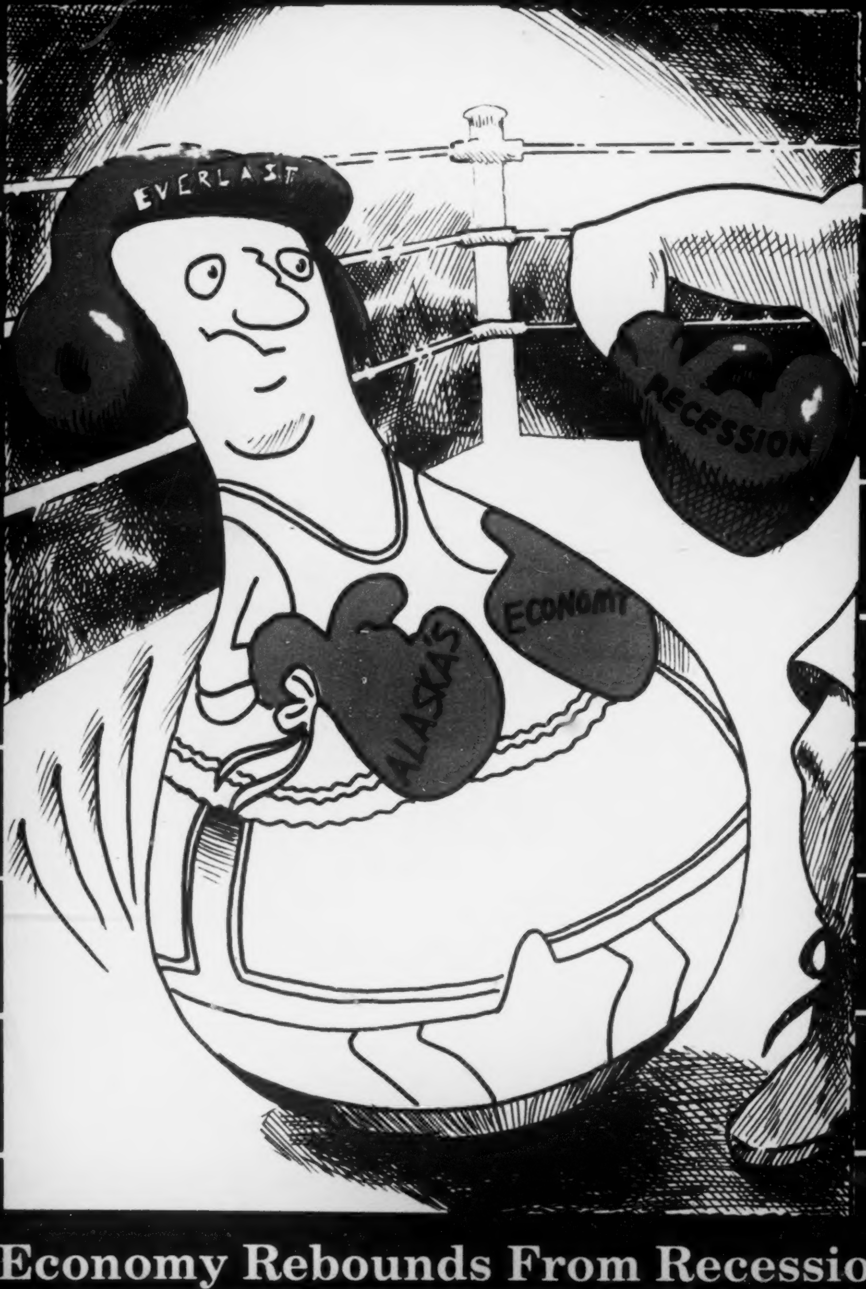

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ALASKA ECONOMIC

TRENDS

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Economy Rebounds From Recession

by John Boucher

Alaska's economy posted its first employment gain in two years during 1988. Nonagricultural wage and salary employment grew 1.1 percent statewide. (See Table 1.) This growth was a turnaround from the prior two years, both of which posted employment losses amounting to over four percent. (See Figure 1.)

There were
More Jobs in 1988.

Beginning in the last quarter of 1987 and the first quarter of 1988, total employment levels flirted with overall growth. However, industry estimates during this period were mixed, indicating that the recovery might not be sustained. But by mid-year, employment levels were firmly entrenched in a growth mode. Negative forces — the construction and financial sectors — had abated. And positive forces — highlighted by the resurging manufacturing industry, increased oil and gas exploration, and the recovery of the trade and services sectors — gathered enough momentum to push total employment into a growth mode.

The Worst is Over

Looking back, the summer of 1988 will be remembered for marking the end to one of Alaska's worst recessions. Between 1985 and 1987, nearly 1 in every 10 jobs disappeared from the Alaska economy. (These numbers don't reflect the total job loss during those months because it excludes losses among the self-employed.) Social and economic grief endured by Alaskans during these recessionary months included wage cuts, personal bankruptcies, business failures, and bank closures.

Although the stoppage of employment losses doesn't mean that all Alaska economic woes are remedied, it does indicate that the worst is over. More important, positive signs — like employment and income growth, and a lower unemployment rate — build a foundation upon which a stronger Alaska economy can be created.

Table 1

Alaska
Nonagricultural Wage and Salary Employment
By Place of Work
1987-1988

	1987 Annual Average	1988 Annual Average	Percent Change
Nonag. Wage & Salary	210,100	212,300	1.0
Mining	8,800	9,500	8.0
Construction	10,100	8,700	-13.9
Manufacturing	12,900	14,800	14.7
Seafood Processing	6,700	7,800	16.4
Lumber & Paper Products	3,100	3,600	16.1
All Other Manufacturing	3,200	3,400	6.3
Transportation	17,600	17,200	-2.3
Trucking & Warehousing	2,400	2,200	-8.3
Water Transportation	1,000	1,000	0.0
Air Transportation	5,300	5,400	1.9
Communications	3,600	3,300	-8.3
All Other Transportation	5,200	5,300	1.9
Trade	41,100	42,000	2.2
Wholesale	7,400	7,500	1.4
Retail	33,700	34,500	2.4
Gen. Merch. & Apparel	4,900	5,000	2.0
Food Stores	5,900	6,000	1.7
Eating & Drinking Places	12,400	12,700	2.4
All Other Retail	10,600	10,700	0.9
Finance, Ins. & Real Estate	11,300	10,700	-5.3
Services	42,500	42,900	0.9
Hotels & Other Lodging	4,600	4,600	0.0
Government	65,800	66,600	1.2
Federal	17,900	18,000	0.6
State	18,700	19,400	3.7
Local	29,200	29,300	0.3

Annual averages may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis

Alaska's economy grew 1.1 percent from 1987 to 1988.

Perhaps it is Alaskans' expectations which constitute the most important change in an economic turn around. Most people — even those who have little to fear — behave differently when unemployment is high and jobs are being lost. Behavioral changes alone can retard the chances of recovery. The recent turnaround of employment numbers partly indicates that expectations have improved for the immediate future. Business owners are again hiring additional workers, a move they usually don't make if they believe trouble is just around the corner.

Some Areas Sizzle But Anchorage Fizzles

Overall, Alaska's economy grew 1.1 percent from 1987 to 1988. But it wasn't across-the-board growth. Alaska's largest city faltered most of the year, and Fairbanks' growth remained marginal. It was the coastal and northern regions that set the recovery in motion.

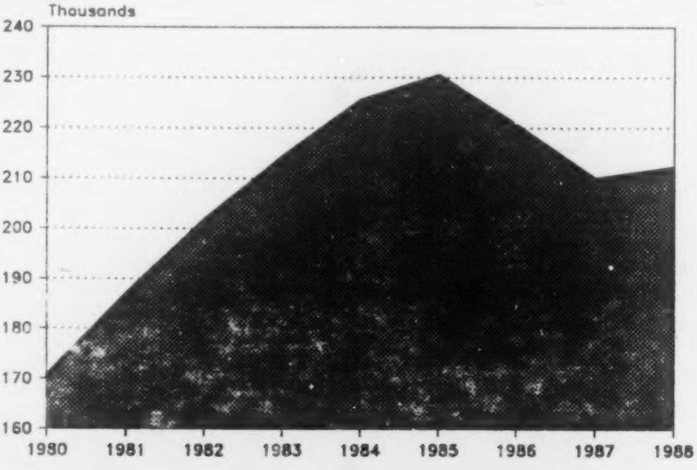
(Following is a brief synopsis summarizing the state of each of the region's economies during the year 1988. More detailed analyses of each of the regional economies appear elsewhere in this issue.)

About the Author:

John Boucher is a labor economist employed six years with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Figure 1

Alaska's Nonagricultural Employment 1980 - 1988



Source: Alaska Department of Labor, Research & Analysis

Anchorage, home of the state's construction and financial sectors, had two strikes against it during 1988. The construction industry plummetted once again last year, and Anchorage felt the drop more acutely than other regions. Further, when financial institutions closed or merged, the Anchorage economy endured most of the job losses. In addition to losses attributed to these two industries, the Municipality of Anchorage's budget problems caused further job losses, an unusual occurrence in the typically stable government sector. Altogether, losses in these three sectors proved too much for the Anchorage economy. Despite positive contributions from a growing oil and gas sector and job growth in the trade and services sector, the aforementioned negative forces were too much for Anchorage to overcome during 1988.

Fairbanks Held Steady in 1988

In Alaska's Interior, Fairbanks employment numbers were held steady, the result of an increased uniformed military presence and a return to job growth at the University of Alaska facility there. The military growth boosted an otherwise dormant construction industry and bolstered Fairbanks' retail sector. Also helping some with the Interior's 1988 job picture was a resurgence in hard rock mining. The mining industry comprises, though, a very small portion of Fairbanks' overall wage and salary employment picture.

Southeast Job Picture Healthy

In Southeast Alaska, the lumber and paper products sector helped propel the region to healthy employment gains. In terms of total employment, lumber and paper products experienced its best year of the past decade. Further, the Southeast Region gained last year with the doubling of mining employment (attributed primarily to the start up of the Green's

Creek mine), and with a rebound in state government employment.

Fisheries and Government Helped the Gulf, Southcentral and Southwest Regions

The Gulf Coast and Southwest regions, like the Southeast, benefitted from increased manufacturing employment. The seafood processing industry — with a boom in bottomfish harvests and record value catches in much of Southcentral Alaska — provided the greatest growth in these two regions. Additionally, the opening of the Spring Creek Correctional Center in Seward substantially boosted Gulf Coast government employment numbers.

Mining is Driving the North

Driving Northern Alaska's employment growth is a mining industry boom: gold mining in the Nome area, development of zinc mining at the Red Dog Mine near Kotzebue, and increasing oil exploration in the far north.

Manufacturing, Mining and Government Set the Pace

As indicated earlier, the manufacturing industry, fueled by employment growth in the seafood processing and wood products sectors, was the leading growth industry in the state during 1988. Seafood processing employment hit an all-time high in July despite a smaller volume of salmon caught in Bristol Bay. Responsible for the higher seafood processing employment numbers is growth in the bottomfish industry. As a result of this 1988 growth, winter employment in the seafood processing sector has nearly doubled in the last few years.

Large Job Jumps in Logging

While all of the state's manufacturing sectors performed well last year, logging employment in particular enjoyed large job jumps. The Southeast Region's 26% employment growth in this sector could have easily been larger were it not for acute shortages of experienced loggers, according to information provided by Southeast Job Service offices and the Alaska Loggers Association. Many logging camps were operating at full throttle right up until the holiday season; in prior years the industry geared down beginning in October. It wasn't the Southeast which was the sole beneficiary of last year's logging boom; the Gulf Coast Region also enjoyed significant gains in logging employment near the end of the year.

The growth in lumber and seafood products was augmented by a six percent increase in the remaining portions of the manufacturing sector, these portions primarily being newspaper publishing and printing.

Greens Creek: Harbinger of Things to Come in Mining?

Mining was the second fastest growing industry in 1988. Causes of the growth are linked to a resurgence of oil exploration and development activity and a hard rock mining boom. One of the largest contributors was the Green's Creek mine near Juneau as it geared up for production. Most of the other hard rock mining employment growth was related to exploration and development. The Green's Creek project could very well be a harbinger of things to come in Alaska's mining industry.

State Government's Employ Gained by 3.7%

In addition to the mining and manufacturing sectors, also posting employment gains was the state's largest employer, the State of Alaska. State government posted 3.7% employment growth after two consecutive years of decline. Almost one-half of the growth — amounting to 700 new jobs — is attributed to new positions filled at the Spring Creek Correctional Center in Seward. Most of the rest of the growth can be ascribed to the relative stabilization of the state's revenue picture between State Fiscal Year (SFY) 1988 and the start of calendar year 1989. (SFY '88 began July 1, 1987.)

While mining, manufacturing and government set the economic pace, the support sectors also began showing signs of life last year. There was a broad based recovery in the trade sector. And the legal, social and health sectors all contributed to the overall growth of the service industry. Business for the hotel and motel industry, a category newly added to the published data, was flat over the year. This flat performance is partly due to slowed traffic in the tourism industry during 1988.

Construction, Finance and Transportation Industries Posted Losses

The construction industry's troubles have been well documented. Among the many causes for the industry's distress are overbuilding, shrunken state construction budgets, smaller municipal budgets, less oil-related construction activity, and a drop in commercial building activity. The sole good news for the construction industry was that the employment loss amounted to only 14% between 1987 and 1988; that can be considered good news when compared to the employment losses of the two prior years, 28% and 24%. The 1988 annual employment average of 8,700 was the lowest level of construction employment since 1973. Even more indicative of how far the industry has fallen is the industry's share of nonagricultural employment. The industry's 4.1% share of total 1988 employment is the lowest it has ever been since before statehood days; typically, the industry's share of total employment since the 1960s has been between 6% and 8%.

1988 Was a Banker's Nightmare

Failures in the construction industry, combined with the state's general economic downturn made for an Alaska banker's nightmare in 1988. Evidence of the nightmare are the financial industry's employment declines — which are partly attributable to the closure of five banks. From 1987 to 1988 the number of banks in Alaska dropped from 16 to 11. (Those interested in an in-depth look at Alaska's financial sector might seek out "Turbulent Times in Alaska's Financial Industry", an article published in the November 1988 issue of *Trends*.)

1988 Brought Contraction in the Air Transportation Industry

In the transportation industry, the state's air transportation sector suffered some employment losses among certificated air carriers. One major commuter airline serving rural Alaska was shut down due to alleged safety violations. (The company reopened later in the year with a much smaller work force.) Others were forced to close due to financial problems. Also experiencing some contraction during the year was the trucking industry.

Summary: Overall, Alaska's Economy is Rebounding

Last year, Alaska's economy posted its first employment gain since 1985, marking the end to one of the worst recessions in Alaska's history. Employment growth in manufacturing, mining and government were largely responsible for the turnaround. Losses continued in Alaska's construction and finance industries, but their effect was diminished by gains made by the growth industries. Signs of the economic turnaround were unmistakable beginning in late 1987, but the recovery was not fully entrenched until mid-year 1988.

Growth did not occur in every area of the state. In fact, Alaska's two largest cities both posted employment losses for the year. The Southeast, Southwest, Gulf Coast and Northern regions of Alaska all combined to offset the employment losses in Anchorage and Fairbanks. By the end of the year, though, the two cities were manifesting signs of future growth.

Unemployment in Alaska during 1988 was at its lowest ebb since the height of the recent boom in 1985, posting a 9.5 percent unemployment rate for the year. By year's end, dramatic changes in Alaska's economic landscape had clearly developed. Jobs were available in most areas. In some industries jobs were even going begging. Employers were hiring again. The general economic outlook had brightened considerably, compared to the pall of the past few years. All of this pointed to a brighter immediate future for the economy of the state.

Anchorage 1988: Economic Recovery Was In the Air

By Neal Fried

At long last, the first clear signs of an Anchorage economic recovery began to show in 1988.

The year held mixed economic signals. The big question was: Had the economy hit bottom yet? That this question even arose was in itself a good omen. There has been little doubt that the economy had been in a death spiral over the prior two years.

The Anchorage economy had been in a death spiral in 1986 and 1987.

Five Hundred Fifty Fewer Jobs in '88

Anchorage's 1988 economy ended with 550 fewer jobs than had existed in the year 1987. (See Figure 1.) Nevertheless, employment numbers depicted in Figure 2 show that the city's economy crept out of a three-year recession during the final four months of 1988. Although not all sectors saw gains in 1988, by the end of the year the economy as a whole was posting gains. In fact, some of the recovering industries were looking downright robust by December. At the same time, a handful of industries remained a long way from recovery.

The Oil Industry Posted Largest Gains

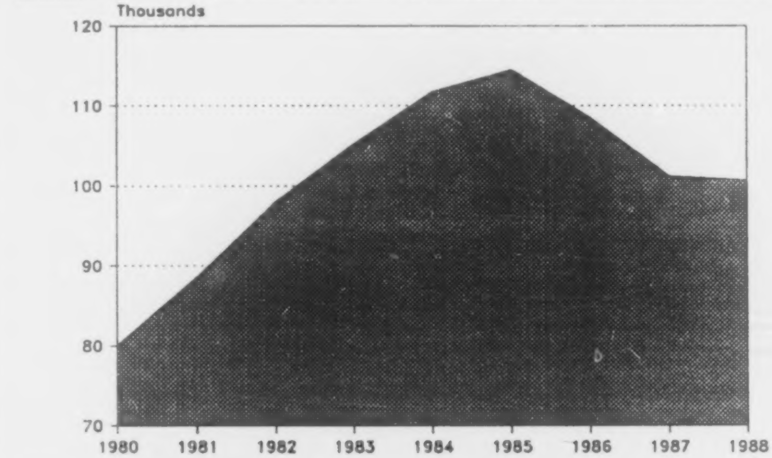
Oil industry employment posted the largest gains, almost 8% above 1987. (See Table 1.) The number of active drilling rigs grew from nine in 1987 to twelve in 1988. Increased activity in oil exploration and development pushed forward industry employment. This rise in activity occurred despite oil prices having declined by 20% in 1988. The reason this happened is because a surplus of drilling equipment pushed down drilling costs by about 30%. In addition, Prudhoe Bay's major oil producers made up for low crude oil prices by making greater profits in petrochemicals and other refined products.

Auto Sales Surged

Like the oil industry, much of Anchorage's trade and services sectors improved markedly during the latter half of 1988. Part of this recovery probably came from renewed confidence in the economy. This is particularly true in retail trade. During the turbulent years of 1986 and 1987 many consumers postponed purchases because they perceived their economic future to be an uncertain one. But after surviving the recession's two worst years, consumers felt more secure. Some of this pent-up demand found its way into the 1988 marketplace. For example, after two dismal years, all of Anchorage's auto dealers reported a surge in 1988 sales. Also, 1988 employment in the restaurant industry rose by 550 as consumers once again felt they could afford to eat out.

Figure 1

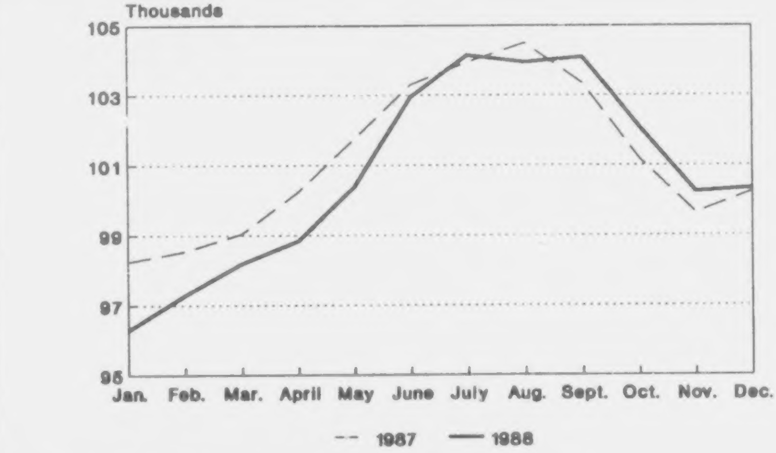
Anchorage Nonagricultural Employment 1980 – 1988



Source: Alaska Department of Labor, Research & Analysis

Figure 2

Anchorage Employment 1987 – 1988



Source: Alaska Department of Labor, Research & Analysis

After two years of decline, Anchorage's 1988 service sector employment also began to turn the corner. Posting over-the-year gains were medical, auto repair, and legal and private social services. But business services were still being pummelled. Perhaps this pummelling continued because the city's financial industry, a big consumer of business services, was still up against the ropes. Because the gains in some segments of the service sector were greater than the declines in other parts, the sector as a whole completed the year on a positive note.

Table 1

Anchorage Borough Wage and Salary Employment 1987-1988

	1987	1988	Percent Change 1987-1988
Nonag. Wage & Salary	101,150	100,600	-0.5
Mining	3,150	3,400	7.9
Construction	5,350	4,200	21.5
Manufacturing	2,350	2,550	8.5
Transportation	9,400	9,200	-2.1
Trucking & Warehousing	1,600	1,400	-12.5
Water Transportation	300	300	0.0
Air Transportation	3,200	3,350	4.7
Communications	1,900	1,800	-5.3
All Other Transportation	2,450	2,350	4.1
Trade	23,400	24,100	3.0
Wholesale	5,550	5,600	0.9
Retail	17,850	18,500	3.6
Gen. Merch. & Apparel	2,450	2,500	2.0
Food Stores	2,850	2,800	-1.8
Eating & Drinking Places	6,950	7,500	7.9
All Other Retail	5,600	5,650	0.9
Finance, Ins. & Real Estate	7,600	7,200	-5.3
Services	24,100	24,400	1.2
Government	25,900	25,650	-1.0
Federal	10,350	10,300	-0.5
State	6,700	6,850	2.2
Local	8,850	8,450	-4.5

Annual averages may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis

Layoffs of city workers, closure of fire stations and libraries, and sale of city-owned utilities dominated the 1988 news about Anchorage

Report Card on Public Sector is Mixed

The public sector presented a mixed picture in 1988. State government employment recovered in 1988 and actually posted a 2.2% gain. Job gains came both to the University of Alaska-Anchorage and to the rest of state government. But federal government employment dropped slightly in 1988. The military's civilian employment numbers fell by 150, while the federal government's nonmilitary employment grew by 100.

Layoffs of city workers, closure of fire stations and libraries, and sale of city-owned utilities dominated the 1988 news about Anchorage local government. Plunging real estate values forced the city to cut its budget by 3%. The city lost over 250 jobs in 1988; although most were lost through attrition, some layoffs did occur. School district employment was also down for the year because of reduced staffing levels that went into effect during the first half of 1988. The school district's staffing levels recovered, though, by the fall of 1988; the levels came in slightly higher than the corresponding months in 1987.

More Bad News for the Construction, Real Estate and Banking Industries

The construction industry's grim saga of attrition continued in 1988, declining another 20% from 1987 levels. Employment in this industry has fallen to levels not seen since 1973 when the economy was half its present size. (See Figure 3.) According to a recent McGraw Hill's F.W. Construction Bulletin, the value of total construction awards in Anchorage fell by another 39% — to $138 million. In 1988 the construction industry's share of the city's work force was only 4%. By way of comparison, its peak in 1983 totaled 9%. The glut of residential and commercial properties, coupled with the evaporation of public construction dollars, has prevented any semblance of recovery in the industry.

Like the construction industry, misfortunes were far from over in 1988 for Anchorage's finance, insurance and real estate industries. In 1988, two more banks either shut their doors or reorganized, bringing the total casualty list of banks to nine. Most of the surviving banks sustained additional revenue losses. The industry's tribulations hit Anchorage hard because the city serves as the state's financial headquarters.

The real estate industry fared no better than the banks during the year. Real estate prices continued to plunge. Anchorage 1988 foreclosures grew to a record 3,640 properties. Of all Alaska property to be foreclosed upon in 1988, 57% was in Anchorage.

Yet, there is a slightly more positive note: real estate prices appear to have fallen enough to allow investors and first-time home buyers to jump into the market. This could mean that prices for certain segments of the market have reached bottom.

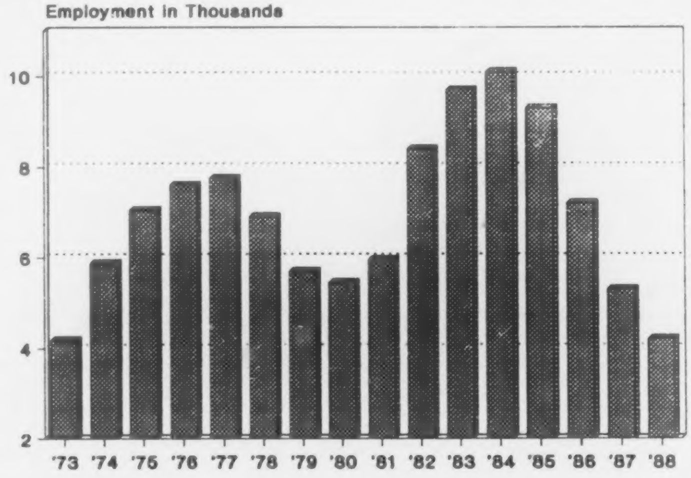
Employment Picture Improved

Anchorage's unemployment rate fell to 7.6% in 1988, the lowest it had been in three years. A falling unemployment rate has not always signified an improving job market. But last year's lower unemployment rate correctly forecast a better labor market. The labor market has since become more fluid for two main reasons: 1) the economy has begun to stabilize, and 2) the longest postwar national economic recovery has meant fewer job hunters are moving to Anchorage to compete with residents for jobs. Secondarily, this means that those who are already employed are more inclined to look for a new job, the unemployed are more hopeful of finding a job, and promotions of existing employees are more prevalent. The gridlocked labor market of 1986-87 is now behind us.

Reports of worker shortages are growing in number. University of Alaska-Anchorage vocational programs had little trouble placing their graduates. The Anchorage Job Service Office's placements were up 7% in 1988. And want ads in local newspapers grew by 33% in 1988. While this doesn't mean that Anchorage's job market was replete with opportunities in 1988, it is at least a sign that the local economy is on the mend.

Figure 3

Anchorage Construction – An Industry in Decline



Source: Alaska Department of Labor, Research & Analysis

Summary: Anchorage Batting .500

The Anchorage industry scoreboard was batting .500 in 1988: half of the industries grew and the other half were still suffering declines. That's a good average compared to the year 1986-87 when nearly all Anchorage industries were striking out.

The job market has also improved. Looking for a job in the 1988 Anchorage labor market wasn't a hopeless undertaking.

In retrospect, 1988 may have been a watershed year. The passing of last year may have marked the end of the city's worst recession.

Most important, Anchorage's 1988 economy could have provided a firm base for growth of the 1989 economy.

About the Author:

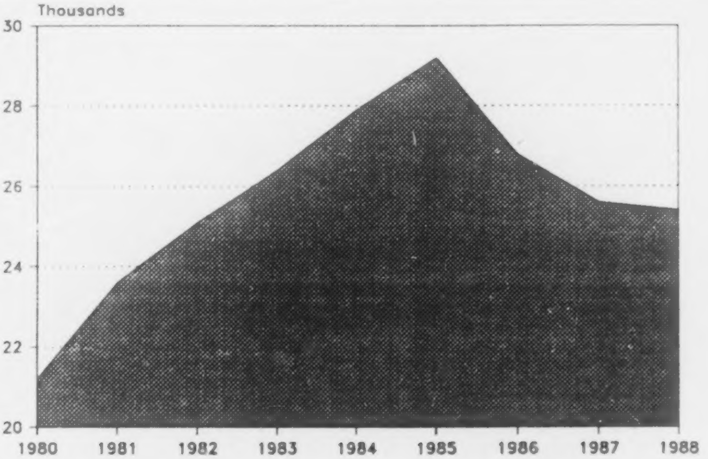
Neal Fried is a labor economist employed 10 years for the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Anchorage

Fairbanks 1988: The Beginning of the End of a Three-year Slide

by Holly Stinson

Figure 1

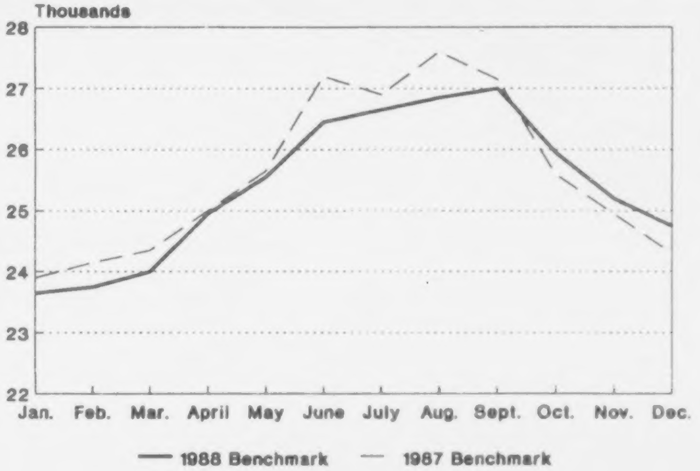
Fairbanks Nonagricultural Employment 1980 - 1988



Source: Alaska Department of Labor, Research & Analysis

Figure 2

Fairbanks Employment: 1987 - 1988



Source: Alaska Department of Labor, Research & Analysis

Fairbanks employment in 1988 continued to show over-the-year losses. But the past two years' precipitous decline in jobs slowed considerably (as illustrated in Figure 1). The 1988 annual average of 25,400 jobs is only 0.6% below the prior year's average (see Table 1) , and it is slightly above 1982 levels.

Preliminary employment estimates paint a rosier picture for the 1988 Fairbanks economy than do the revised benchmark numbers. (An explanation of the 'benchmarking' procedure appears in a story elsewhere in this issue of Trends entitled, "On the Annual Benchmark Revision".) Yet even the benchmark numbers show that the Fairbanks economy, employment-wise, turned the corner in October 1988. The benchmark employment numbers also show that the months of November and December remained above year-ago levels. (See Figure 2.)

Some Industries Gained in 1988, Some Lost, Others Remained Flat

No single industry in Fairbanks experienced a large job gain or a large job loss in 1988. Employment in some industries remained flat over all 12 months of last year. The mining and government sectors each retained the same annual average employment in 1988 as they had in 1987. The retail trade and manufacturing sectors each enjoyed a slight increase in the number of 1988 jobs compared to their 1987 levels.

The services, wholesale trade, and FIRE (Finance, Insurance and Real Estate) sectors all lost employment in 1988. While still representing considerable losses, these numbers were a marked improvement over the years 1986 and 1987 when several hundred jobs were lost in some industries.

The Number of Mine and Government Workers Held Their Own

The mining industry retained its year-ago levels. Mining may be a bright economic spot in Fairbanks' future. During the first three quarters of 1988, the number of mining claims filed in the Fairbanks recording district rose 200% over those filed in the same period of the prior year. (See Figure 3.) Renewed interest in lode gold deposits accounted for much of the increase. Statewide, 11,009 claims were filed in 1988. This is almost twice the number filed just two years ago. As in earlier years when mining was Fairbanks' economic backbone, the industry could play a more important role in the future.

By far, the greatest number of Fairbanks workers are employed in the government sector. In 1988, government garnered 36% of Fairbanks' total wage and salary employment. Government employment has constituted 33% to 36% of Fairbanks' total jobs throughout this decade.

Federal employment dropped slightly from the record high levels of 1987. Contrary to most other sectors of the Fairbanks economy, federal employment has grown steadily during this decade. Civilian military employment fell slightly during 1988 (while uniformed military grew) due to federal budget cuts. The civilian military reduction in force is said to be complete with no added cuts predicted for this calendar year. Increases in other federal jobs allowed Fairbanks' total federal employment numbers in 1988 to equal those of 1987.

Table 1

Fairbanks North Star Borough Wage and Salary Employment 1987-1988

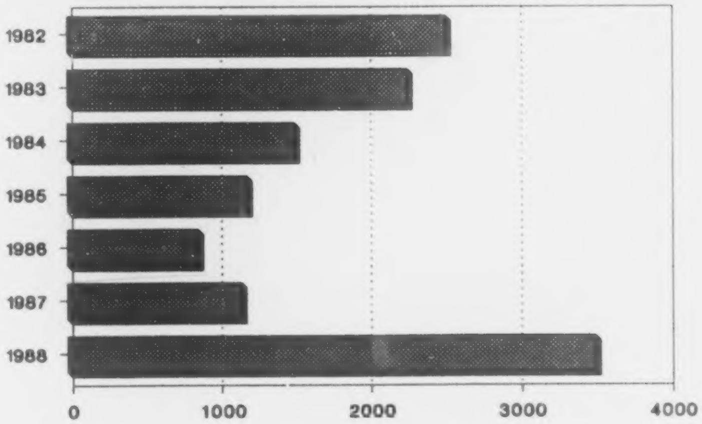
	1987	1988	Percent Change 1987-1988
Nonag. Wage & Salary	25,550	25,400	0.6
Mining	150	150	0.0
Construction	1,550	1,500	-3.2
Manufacturing	550	600	9.1
Trans., Comm. & Utilities	2,000	1,850	-7.5
Trucking & Warehousing	350	400	14.3
Air Transportation	350	300	-14.3
Other Trans., Comm. & Utilities	1,300	1,150	-11.5
Trade	5,550	5,700	2.7
Wholesale	750	700	-6.7
Retail	4,800	5,000	4.2
Food Stores	750	750	0.0
All Other Trade	4,050	4,200	3.7
Finance, Ins. & Real Estate	850	800	-5.9
Services & Miscellaneous	5,800	5,700	-1.7
Government	9,150	9,150	0.0
Federal	2,850	2,750	-3.5
State	3,750	3,850	2.7
Local	2,600	2,550	-1.9

Annual averages may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis

Figure 3

Fairbanks District New Mining Claims 1st through 3rd Qtrs. 1982 – 1988



Source: Alaska Department of Labor, Research & Analysis

Not included in federal employment numbers are the uniformed military, a group whose employment numbers have grown steadily in Fairbanks. (See Figure 4.) While the uniformed military grew by 696 in 1988, the number of their dependents grew only by 72. The usual soldiers-to-dependents ratio has traditionally been 1 to 1.5. Because the 1988 ratio does not match the traditional ratio, last year's impact of new uniformed military and their dependents may be limited.

The education portion of local government showed very little change from 1987. Also showing little change during the year was school enrollment.

As a result of 1988 reductions in the city's budget, local government employment dropped slightly. The reductions were small enough, though, to allow local government employment to remain flat in 1988.

Finally, state government employment rose slightly due partly to employment growth at University of Alaska-Fairbanks.

Construction Employment Remained Depressed

Fairbanks' construction industry lost 50 jobs in 1988. This past year's level was less than half of what it was in 1985. Construction in 1988 of new residential and commercial buildings was the lowest ever of this decade. While 1987 construction permits hit a low record, 1988 construction permits fell even further. To put it into perspective: the 1987 Fairbanks residential building permits amounted to 131, a lesser number of permits for any year as far back as 1970; the 1988 residential building permits declined even further to the minuscule number of 37.

The federal government spent in 1988 almost $100 million for new military facilities near Fairbanks; these building projects prevented the number of construction jobs from declining even further. Without an increased state capital budget, employment in this industry is likely to linger at recessionary levels.

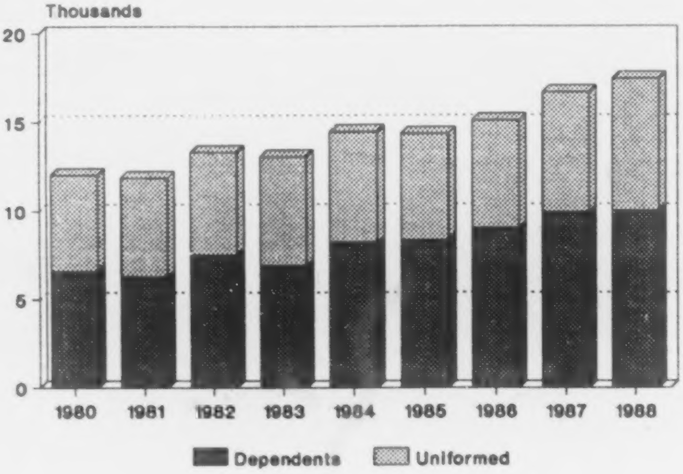
There's No Consensus on '88 Tourism Traffic

Fairbanks' services sector jobs in 1988 dropped by an even 100. Although benchmark numbers show greater employment for this sector than did the original estimates, still there were fewer service sector jobs in 1988 than in the prior year. The greatest divergence between 1987 and 1988 service sector employment levels occurred during each of the two years' summer months; summer 1988 levels were far below those of 1987.

Figure 4

Fairbanks Military Presence 1980 – 1988

(Uniformed Personnel and Dependents)



Source: Fairbanks *Community Research Quarterly*

Accounts differ on whether Fairbanks' 1988 summer tourism season was better or worse than 1987. But while the number of tourists may have been up, there were more 'self-contained' visitors in 1988 who made less use of local services. ('Self-contained visitors' are those who pass through via organized tour or who are travelling via recreational vehicle.) Evidence of this change is seen in the hotel/motel industry which endured a 38% drop from 1987 employment levels.

While Fairbanks' 1988 wholesale trade was down, retail trade was up by the same amount. Merchants reported a good holiday season in November and December, an indicator of a recovering economy.

There were Fewer Bankruptcies in 1988

The finance, insurance and real estate industries (FIRE) remained sickly last year, losing over 6% of their total jobs from 1987 to 1988. The number of bankruptcies and foreclosures through November 1988 were closely comparable to the high levels of 1987. There is one hopeful sign for this industry: the number of businesses declaring bankruptcy in 1988 began to decrease.

Summary: The Employment Slide Turned Around in 1988

The 1988 Fairbanks economy may not have hit the bottom of Alaska's mid-80s recession. However, there were encouraging signs in 1988 that the bottom was near. Employment levels did not slide at the same pace they had in earlier years. Further, employment numbers either remained at year-ago levels or grew slightly for half of the eight major industry groups. In 1987, only one industry could make that claim. And although summer 1988 employment numbers were lower than those of summer 1987, Fairbanks' year ended on a hopeful note: there was more job growth during the final three months of 1988 than there had been in the corresponding months of 1987.

About the Author:

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The Southeast Outperformed the Rest of the State in'88

by Brian N. Rae

Benchmarked 1988 employment data for the Southeast Region confirms two prior assumptions: that the recession bottomed out last year, and that the economy is now showing strong growth. (See Figure 1.) Earlier monthly estimates indicated this turnaround but understated its magnitude.

The benchmarked employment estimates are in most cases higher than earlier estimates. Annual average employment in the region last year was 30,650, more than 5.3% (or 1,550) above 1987 employment levels. (See Table 1.)

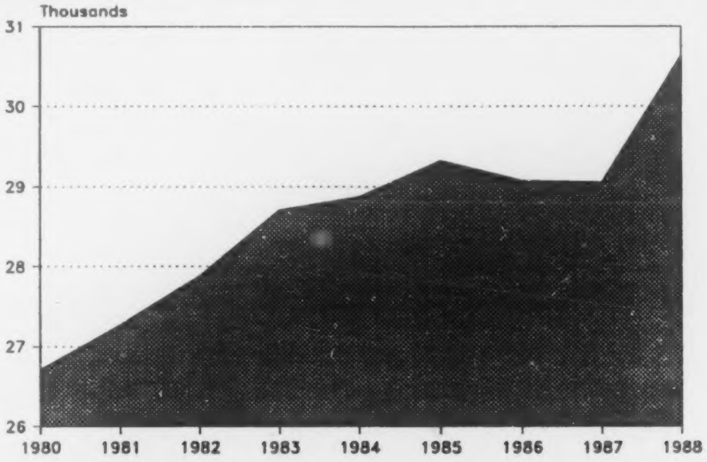
Resource Industries Gain; Construction and FIRE Sectors Lose

In many ways, the Southeast Region's economy differs from the rest of the state. The 1986 oil price crash caused few direct employment losses within the region. (See Figure 2.) Unlike many other areas of the state, there is little employment directly related to petroleum production. Instead, much of the recent employment declines came from reduced government spending.

Government spending can be broken out into two parts: direct expenditures to assist localities, and spending associated with the operation of statewide programs from the capital city. Both parts are important to the Southeast Region's overall economy.

Figure 1

Southeast Nonagricultural Employment 1980 – 1988



Source: Alaska Department of Labor, Research & Analysis

Indeed, the drop in oil prices hurt both parts and the drop was felt throughout most of the economy.

The region continues to benefit from its natural resource industries. Over the past few years the rebounding markets for timber, minerals, and fish have boosted parts of the region's economy during the oil price drops and related employment declines. These rebounding markets helped counterbalance government spending cuts by injecting additional dollars into the economy. Many businesses in the support sectors (Services, Finance, Insurance and Real Estate [FIRE], Transportation, Communications and Utilities [TCU], and Trade) are sensitive to the amount of money flowing within the economy and do not rely on the health of one particular industry.

Table 1

Southeast Region Wage and Salary Employment 1987-1988

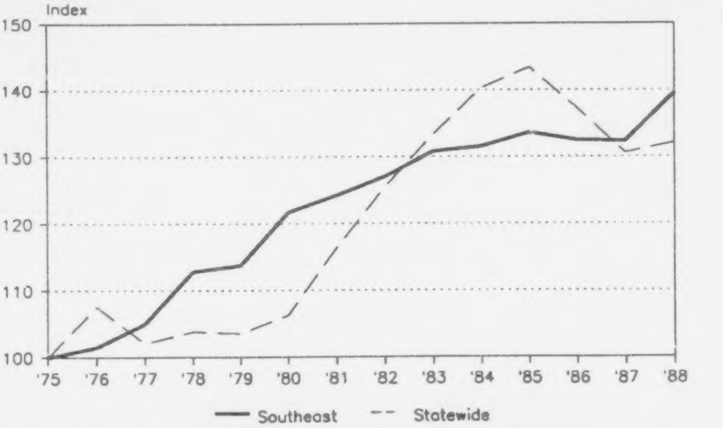
	1987	1988	Percent Change
Nonag. Wage & Salary	29,100	30,650	5.3
Mining	100	200	100.0
Construction	1,100	1,050	-4.5
Manufacturing	4,350	5,150	18.4
Seafood Processing	1,150	1,400	21.7
Lumber & Paper Products	2,950	3,450	16.9
All Other Manufacturing	250	300	20.0
Trans. Comm. & Utilities	2,150	2,250	4.7
Trade	4,600	4,800	4.3
Wholesale	400	450	12.5
Retail	4,200	4,350	3.6
Finance, Ins. & Real Estate	1,050	1,050	0.0
Services	4,600	4,800	4.3
Government	11,200	11,450	2.2
Federal	2,000	2,000	0.0
State	5,000	5,150	3.0
Local	4,200	4,300	2.4
Employment as a Percentage of Total Employment:			
Private Sector	61.6	62.8	
Public Sector	38.4	37.2	

Annual averages may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis

Figure 2

Southeast and Statewide Employment Index 1975 – 1988 (1975 = 100)



Source: Alaska Department of Labor, Research & Analysis

The benchmark numbers show the unequal distribution of employment gains. Or said another way, the numbers show the shifting employment trends among industries. Construction actually posted a small employment decline in 1988 as compared to 1987. Two resource industries — lumber and seafood processing — reaped the greatest gains in 1988 with increases of 16.9% and 21.7%, respectively. Such large increases, accompanied by new developments in the mining industry, helped many support sector industries post gains from the prior year. Mining employment, though still very small, doubled between 1988 and 1987. Large gains in the mining sector are expected to continue. But for now, the impact of these mining ventures is felt mainly in the money added to local economies through exploration and development.

As noted earlier, construction fell below its 1987 employment level. Construction employment fell 4.5% in 1988, which translates into a loss of about 50 jobs on an annual average basis. This 'annual average' distinction is important because construction is primarily a seasonal industry. If an average worker is employed for six months during the year, this decline translates into a loss of 100 jobs. Even with these losses, the industry fared much better in the Southeast Region than in the other regions where the statewide loss was almost 14%.

FIRE employment remained level over the year. This region's FIRE sector firms faced similar problems plaguing these industries elsewhere in Alaska and in other oil producing states. Under normal circumstances, the FIRE industries would have posted gains similar to other support sector industries. Still, the fact that FIRE employment didn't decline last year demonstrates that the Southeast

Region enjoyed more stable economic health in 1988 than many other areas of the state.

The Southeast's star performer of 1987, timber employment, was again a growth leader in 1988. Even after adjusting for higher than expected employment levels in 1987, the 1988 annual average posted an increase of 16.9% over the year. At 500 new jobs, the timber industry saw the greatest hike in employment levels for 1988. Continued strong demand for wood products brought the greatest employment gains to the industry's logging and sawmill businesses.

Seafood processing, the other major component in the region's manufacturing sector, posted employment gains of 250 over 1987 levels. Although the harvest of salmon was not as high as predicted, processing of other seafood products allowed employment to grow more than 20%. Because the industry is seasonal, the number of additional jobs during the season was actually higher than 250.

Mining Employment Doubled

On a percentage basis, no other industry comes close to the growth in mining. This small industry is growing in importance in the Southeast, both in terms of employment and dollars. In 1988 employment was 200, double that of the previous year. This type of growth will likely continue for the next few years as more projects come on line.

Trade and Services Sectors Gained

Trade employment increased by 200 over the year, a rise of 4.3%. Both wholesale and retail trade shared in the gains, with wholesale posting a larger percentage increase. The Southeast trade sector is heavily influenced by the health of the tourist season, although tourism's actual impact is difficult to quantify. Such strong employment growth, though, could only occur as a result of a strengthened area economy.

The 1988 services sector growth was similar to that of trade — up 4.3% over the year. Like the trade sector, services industries are a barometer of the area's economic health, shrinking during bad times and expanding during the better times. Much of the 1988 growth in services occurred in hotel and motel employment. This reflects a strong tourist season and increased emphasis on luring independent travelers to the state.

Transportation, Communications & Utility Industries Post Small Gain

Of all the sectors gaining employment during 1988, TCU posted the smallest gain, 4.7%. This gain was almost entirely within the air transportation industry. Other TCU industries retained their prior year's employment levels.

Government Lags Behind Private Sector

The Southeast Region's public sector expanded at a slower rate than the private sector. Government employment in 1988 gained by 250 jobs over the 1987 level. Most of this increase came in state government, which increased by 3.0%. Local government employment rose by 2.4%. In 1988, public sector jobs accounted for 37.2% of all Southeast employment; this is a drop from the prior year when 38.4% of all Southeast workers were employed in the public sector.

Summary: 1988 Likely the Year of the Turnaround

The monthly 1988 employment estimates for Southeast Alaska showed the area's economy outperforming other areas of the state. When measuring employment, the Southeast has fared better than other regions in prior years, too. Southeast Region employment losses in previous years were less than other areas' losses. And in 1988, the region showed over-the-year employment gains several months before other areas. Throughout the year, the monthly estimates showed employment growing at a much faster rate than the rest of Alaska. It appears that the initial 1988 estimates were pessimistic.

For the entire private sector, Southeast employment increased by 7.3% during 1988. Of course, 1987 was not one of the better years for the state or the Southeast as many people had lost jobs. Under these circumstances employment increases were expected. Many people waiting for signs of an economic turnaround likely saw it in 1988. The Southeast Region posted employment gains in 1988 normally associated with a prospering economy, not one which only two years earlier questioned its future.

Like the rest of the state, growth was unevenly distributed among all industries. Likewise, the recovery left behind some Southeast areas because the areas lacked the prospering industries. Most of these areas, however, were affected less negatively by the recession, which began in 1985, than the now prospering areas of the Southeast Region.

Although there are many different events which could derail the Southeast Region's latest round of economic growth, the initial shock of the 1985 recession seems to be over.

About the Author:

Brian Rae is a labor economist employed four years with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Gulf Coast 1988: Overall, It Was a Growth Year — 2.9%

by Holly Stinson

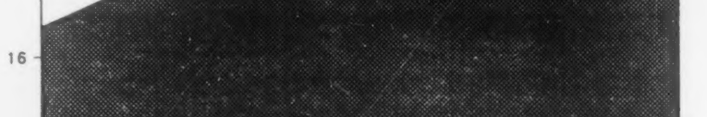
The Gulf Coast region encompasses the Valdez-Cordova Census Area and the Kenai Peninsula and Kodiak Island boroughs. Although most of this region's major towns are linked by the Gulf of Alaska, their economies are in many ways dissimilar.

For example, oil industry employment is important in Kenai and Valdez, while the fishing industry dominates Kodiak and Cordova. The unemployment rate in the Valdez-Cordova Census Area is often twice as high as the Kodiak rate, and the Kenai Peninsula borough rate is higher still. While some areas performed better economically than others in 1988, overall, the region enjoyed a better year in 1988 than during the prior two years.

Like many Alaska regions, summer in the Gulf Coast is synonymous with salmon and tourists. But the Gulf Coast Region's summer of 1988 also heralded the beginning of an employment turnaround. June employment numbers outpaced the prior year's numbers, and the trend continued throughout the remainder of 1988. Although level of employment growth wasn't large (2.9% above 1987), this growth of 550 jobs was the region's first employment upswing in three years. (See Figure 1.)

Figure 1

Gulf Coast Nonagricultural Employment 1980 - 1988



Source: Alaska Department of Labor, Research & Analysis

Construction Employment Lost, FIRE Didn't

Despite a trace of growth, not every sector of the Gulf Coast economy performed well in 1988. The construction industry showed annual average employment levels below those of 1987. FIRE (the Finance, Insurance and Real Estate industries) employment remained at year-ago levels. (See Table 1.)

The region's 1988 construction industry employment levels were the lowest of this entire decade. Despite the Bradley Lake Hydroelectric Project near Homer and other less extensive projects in the region, construction employment continued to fall. The region's number of jobs in 1988 was 20% below 1980 levels. The decline has at least slowed, though — to 10.5% from 1987 to 1988, compared to losses higher than 30% in each of the two prior years. A minuscule state capital budget — minuscule, at least, compared to the capital budgets of 1982 through 1986 — will probably keep construction employment low for many years to come.

Table 1

Gulf Coast Region
Wage and Salary Employment
1987-1988

	1987	1988	Percent Change 1987-1988
Nonag. Wage & Salary	19,100	19,650	2.9
Mining	750	800	6.7
Construction	950	850	-10.5
Manufacturing	3,350	3,550	6.0
Seafood Processing	2,750	2,900	5.5
All Other Manufacturing	600	650	8.3
Trans., Comm. & Utilities	1,350	1,400	3.7
Trade	3,550	3,650	2.8
Wholesale	500	550	10.0
Retail	3,050	3,100	1.6
Finance, Ins. & Real Estate	550	550	0.0
Services	3,250	3,350	3.1
Government	5,300	5,500	3.8
Federal	550	550	0.0
State	1,500	1,650	10.0
Local	3,300	3,300	0.0

Annual averages may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis

FIRE was the only other Gulf Coast sector that didn't gain employment in 1988. Although the recession may be over for most industries, its effects linger in the finance, insurance and real estate industries.

Those Gaining Employment were . . .

. . . Government,

State government (which includes University of Alaska personnel) gained 150 jobs last year, while federal and local government employment remained flat Total government employment accounted for 28% of all the region's wage and salary employment.

. . . Transportation, Communications & Utilities,

The transportation, communications and utilities sector also gained about 100 jobs in 1988. Modest gains in transportation employment, especially during the summer months, accounted for most of the growth.

. . . Services, and

The services sector showed annual average growth of 100 jobs, too. This sector's total employment numbers are greater than either the transportation, state or federal government industries, so its 1988 growth showed up as a modest 3% increase. Small employment gains in the services sector reflect increases in the area's two major industries, manufacturing and tourism. The increased number of cruise ships venturing north to the Gulf Coast during the summer of 1988 augmented the usual number of tourists stopping at the region's ports.

. . . Seafood Processing.

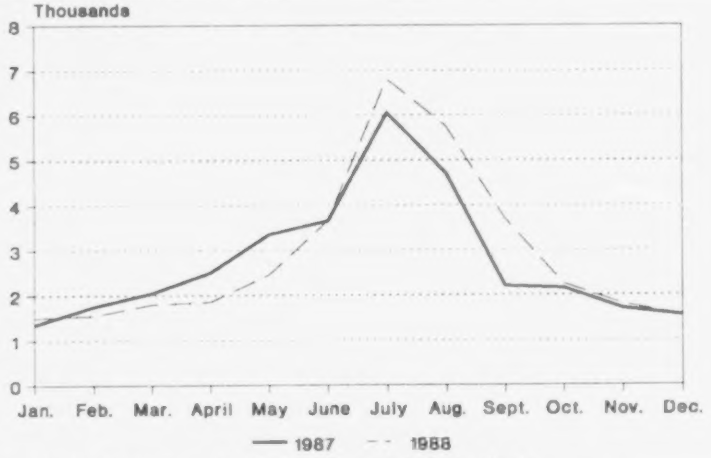
Seafood processing, which comprises most of the Gulf Coast manufacturing industry, gained 150 jobs over the past year. Employment during the busy months of July, August and September was well above year-ago levels. (See Figure 2.) Additional bottomfishing activity, coupled with a good salmon harvest contributed to this industry's growth.

While the total poundage of salmon caught was not a record breaker, elevated prices kept the harvest value high. High enough, as a matter of fact, to give Prince William Sound its second best salmon harvest in history — $62 million. What's more, that record-breaking harvest occurred with only one-third of the Sound's predicted pink salmon run. Kodiak performed well, too. Its 1988 salmon harvest set an all-time record value of over $100 million.

New dollar records set for Prince Wiliam Sound and Kodiak salmon fisheries.

Figure 2

Gulf Coast Seafood Employment 1987 - 1988



Source: Alaska Department of Labor, Research & Analysis

Gulf Coast's 1988 employment picture was improved compared to the prior three years.

In the growing bottomfish industry, the first bottomfish factory trawler to adopt Alaska as a base of operations arrived in Homer in May. The same company plans by 1990 to call Homer home for two more trawlers. Supplying these trawlers will boost many sectors of Homer's economy. Further, the factory trawler owners' recent decision to adopt Homer as a home port provided the impetus for the city to build a new dock in 1989.

The region's 1988 shellfish harvest failed to hold its own with the bottomfish and salmon industries. Its harvest was, like the prior year, poor. The winter 1988-89 tanner crab season in some areas was closed due to low stocks. Successive poor shellfish harvests caused a Kodiak crab processing plant to be converted into a surimi processing operation. The conversion, which speaks well to the business' ability to adapt to a changing economy, was made in response to a thriving bottomfish industry and the depressed crab industry.

Logging, which started up in the Valdez-Cordova and Kenai Peninsula areas, contributed to an 8.3% rise in 'All Other Manufacturing' employment. And both of the wholesale and retail portions the trade sector also enjoyed job growth in 1988.

Summary:
2.9% Overall Growth in 1988

Modest 1988 employment increases in all sectors except FIRE and construction contributed to a 2.9% overall growth rate for the Gulf Coast region last year.

New business ventures, adaptation of existing ones, and high salmon prices contributed to a better 1988 employment picture than the region had experienced in the prior three years.

Economy's January Start Was Solid

By Neal Fried

Record cold January temperatures didn't influence the Alaska economy during that first month of 1989. The state's economy warmed up to the new year and started it on a positive footing. It was a first; in the prior three months of January, the condition of the economy had reflected the usual cold temperatures of that time of year.

Yes, the Recession is Largely Behind Us

Many believe that 1989 will usher in a new economic era. Most pundits predict slow and steady growth. They could be proven wrong, however, if construction on some large project — such as the construction of a gas line — is started. On the other hand, the economy could stagnate, or worse, be derailed if the present oil revenue shortfall is not offset by some means. None of these scenarios can be discounted; but at least given what we now know, 1988 did lay a firm base for 1989 growth. Indeed, January's economic indicators reflect this growth.

A Buoyant Employment Picture

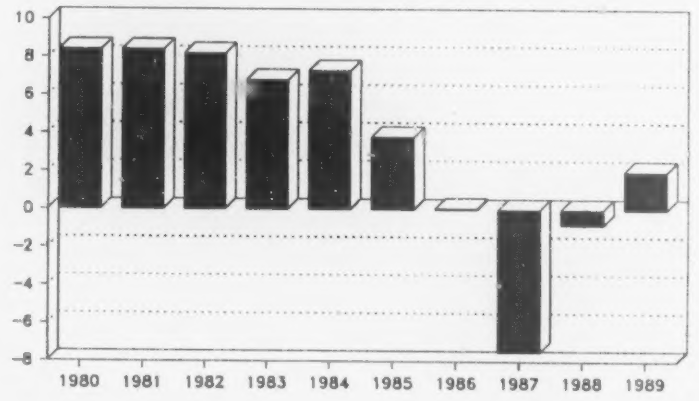
Alaska's wage and salary employment recorded a two percent gain in January. (See Figure 1.) Nearly all of Alaska's industries are enjoying employment growth. Four industry sectors demonstrate real vitality; they are mining, retail trade, services, and government.

The Entire Mining Industry Is Looking Good

Compared to year-ago levels, January 1989 oil industry employment rose by 1,000 jobs. ARCO announced plans during the month to spend $375 million on production and exploration in 1989. That increased expenditure represents a 70% rise over 1988 levels. And BP Exploration officials say the company plans to spend this year $425 million on various capital expenditures; this represents a 31% increase over the company's 1988 expenditure levels. Further, there was more good news on the petroleum front. Oil prices looked particularly strong in January; the average spot price for North Slope crude was $16.63 in the first month of the new year. (Oil prices hadn't exceeded $16 during all of 1988.) Strong demand,

Figure 1

Alaska's January Employment — Percentage Change from Prior Years



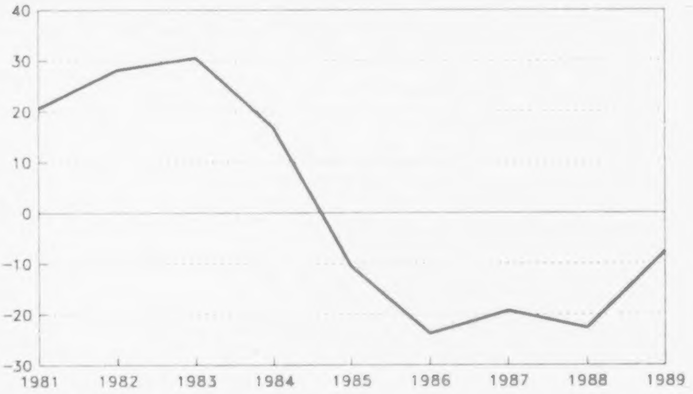
Source: Alaska Department of Labor, Research & Analysis

coupled with general OPEC compliance on quotas, helped firm up prices.

The rest of the mining industry (albeit small — 750 jobs in January) also continued to flourish. The Greens Greek and Red Dog operations moved closer to production. Additionally, exploration and development activity grew at mine sites located elsewhere in the state.

Figure 2

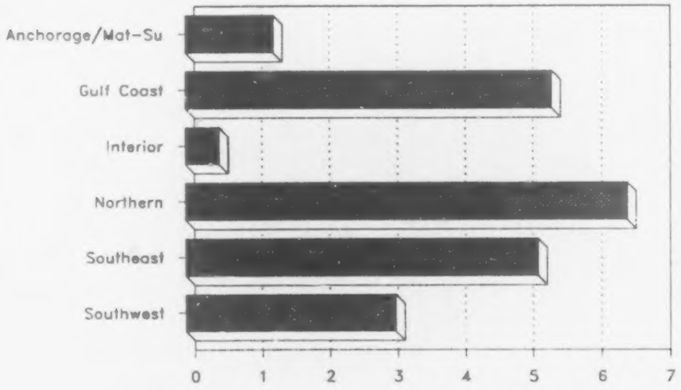
Alaska's January Construction Employment — Percentage Change from Prior Years



Source: Alaska Department of Labor, Research & Analysis

Figure 3

Employment Growth by Region — Percentage Change from Jan. '88 to Jan. '89



Source: Alaska Department of Labor, Research & Analysis

Retailers: They're Happy

Most retailers in the state reported a stellar Christmas season. Formerly reluctant, consumers today are demonstrating an increasing confidence in the economy. Growing personal income certainly helps, too. Alaska's third quarter 1988 personal income figures (the most recent figures available) came in 4.8% higher than the corresponding quarter of 1987. All of this points to rising employment numbers in the retail industry, up by 2.8%.

Government Picture Is Mixed

Total federal employment fell despite growing troop levels. The military budget tightened late last year, causing a cut in the military civilian employment numbers. Military officials say they do not anticipate any more civilian cuts.

Offsetting the federal cuts were state and local government employment gains. These two government agencies were responsible for keeping total government employment figures growing during January.

Construction Continued to Decline, but . . .

. . . An end to the construction descent may be in sight. It has remained unclear when these losses might cease. While this doesn't comfort an industry that has lost 12,000 jobs over the past five years, it's pertinent to remember that the industry is now operating at levels not seen since 1973. Although January employment numbers were 500 jobs — or 7.7% — below year-ago levels, this level is a dramatic improvement compared to the 1986-1988 double digit losses. (See Figure 2.) Given this kind of new year start, the state's construction industry may finally find some firmer ground in 1989.

Some Regional Economies Robust

For the first time in four years, over-the-year employment growth was registered in all regions in January. (See Figure 3.) This is not to say that all areas of the state are out of the woods and prospering. It does mean, though, that the state's general economic complexion is improving. Further, some regions' economies can be fairly characterized as being robust. Included in this prosperous camp are the Southeast, Gulf Coast and Southwest regions. These three economies were growing at an annual rate of 3% or better in January.

Few Traces of Recession Linger in Southeast

All pistons are firing in Southeast's economy — tourism, timber, government, and fishing. The Southeast economy in January grew at an annual clip of 5%, a rate commensurate with the boom year of 1984. The region's timber industry has experienced problems finding enough loggers, and its mills are running at full tilt. Although January's cold weather and deep snows slowed things, the mills were expected to be back in full swing by late March. The Green's Creek Juneau area operation has moved from the construction phase to the mining phase. Presently, the mine employs 147 production and 50 administrative workers. Another symptom of the region's vigorous economic health is the rising cost of rent; rent prices are actually beginning to climb again in a once glutted Juneau real estate market. Few traces of a recession linger in Southeast's economy.

Table 1

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 1/89	r/ 12/88	1/88	Changes From: 12/88	 1/88
Nonag. Wage & Salary	199,200	207,100	195,200	-7,900	4,000
Mining	9,300	9,300	8,100	0	1,200
Construction	6,300	6,700	6,800	-400	-500
Manufacturing	9,800	10,900	9,500	-1,100	300
Seafood Processing	4,400	4,200	4,300	200	100
Lumber & Paper Products	2,200	3,400	2,100	-1,200	100
All Other Manufacturing	3,200	3,300	3,100	-100	100
Transportation	16,100	16,800	16,100	-700	0
Trucking & Warehousing	2,100	2,200	2,100	-100	0
Water Transportation	800	1,000	800	-200	0
Air Transportation	5,200	5,300	5,100	-100	100
Communications	3,100	3,200	3,300	-100	-200
All Other Transportation	4,900	5,100	4,800	-200	100
Trade	39,900	42,400	38,800	-2,500	1,100
Wholesale	7,200	7,400	7,000	-200	200
Retail	32,700	35,000	31,800	-2,300	900
Gen. Merch. & Apparel	4,800	5,600	4,700	-800	100
Food Stores	5,900	6,100	5,800	-200	100
Eating & Drinking Places	11,800	12,200	11,400	-400	400
All Other Retail	10,200	11,100	9,900	-900	300
Finance, Ins. & Real Estate	10,500	10,400	10,800	100	-300
Services	41,300	42,400	40,200	-1,100	1,100
Hotels & Other Lodging	3,900	4,000	3,900	-100	0
Government	66,000	68,200	64,900	-2,200	1,100
Federal	17,400	18,000	17,700	-600	-300
State	19,000	20,000	18,000	-1,000	1,000
Local	29,600	30,200	29,200	-600	400

Prepared in cooperation with the U.S. Bureau of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date: March 1988.

p/ denotes Preliminary Estimates.
r/ denotes Revised Estimates.

Source: Alaska Department of Labor, Research & Analysis

Fishing Industry Propelling Southwest and Gulf Coast Regions

The Southwest and Gulf Coast regions continued to show healthy winter employment numbers because of a strong fishery. Two new fish processing plants opened up recently in the regions. Western Alaska Fisheries opened a surimi/bottomfish plant in Kodiak, and the St. Paul village corporation's fur seal processing plant will now process Opilio crab. For Unalaska, there's also good news: Unisea recently announced plans to build a $50 million fish processing facility there. And other businesses, such as Seafoods From Alaska, Inc., are expanding facilities. Military related activity in the Aleutian Islands is also contributing to Southwest's growing economy.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/	r/		Changes From:	
	1/89	12/88	1/88	12/88	1/88
Nonag. Wage & Salary	97,750	100,300	96,300	-2,550	1,450
Mining	3,500	3,500	3,100	0	400
Construction	3,150	3,250	3,700	-100	-550
Manufacturing	2,000	1,950	2,100	50	-100
Transportation	8,750	9,000	8,800	-250	-50
Trucking & Warehousing	1,500	1,500	1,350	0	150
Water Transportation	250	300	250	-50	0
Air Transportation	3,150	3,200	3,150	-50	0
Communications	1,700	1,750	1,800	-50	-100
All Other Transportation	2,150	2,250	2,250	-100	-100
Trade	23,950	24,750	22,900	-800	1,050
Wholesale	5,600	5,800	5,350	-200	250
Retail	18,350	18,950	17,550	-600	800
Gen. Merch. & Apparel	2,450	2,800	2,400	-350	50
Food Stores	2,900	2,800	2,800	100	100
Eating & Drinking Pl.	7,400	7,500	7,050	-100	350
All Other Retail	5,600	5,850	5,300	-250	300
Finance, Ins. & Real Estate	7,100	7,150	7,200	-50	-100
Services	23,750	24,450	23,150	-700	600
Government	25,550	26,250	25,350	-700	200
Federal	10,350	10,400	10,450	-50	-100
State	6,700	7,300	6,300	-600	400
Local	8,500	8,550	8,600	-50	-100

Fairbanks North Star Borough

	p/	r/		Changes From:	
	1/89	12/88	1/88	12/88	1/88
Nonag. Wage & Salary	23,700	24,750	23,650	-1,050	50
Mining	100	100	100	0	0
Construction	1,050	1,050	1,100	0	-50
Manufacturing	500	550	450	-50	50
Transportation	1,800	1,800	1,600	0	200
Trucking & Warehousing	400	400	300	0	100
Air Transportation	300	300	300	0	0
All Other Transportation	1,100	1,100	1,000	0	100
Trade	5,100	5,450	5,100	-350	0
Wholesale	650	650	650	0	0
Retail	4,450	4,800	4,450	-350	0
Food Stores	700	750	750	-50	-50
All Other Retail	3,750	4,050	3,700	-300	50
Finance, Ins. & Real Estate	750	750	900	0	-150
Services	5,450	5,500	5,450	-50	0
Government	9,000	9,550	8,950	-550	50
Federal	2,700	2,750	2,750	-50	-50
State	3,650	4,100	3,650	-450	0
Local	2,700	2,700	2,550	0	150

Anchorage-MatSu Region

	p/	r/		Changes From:	
	1/89	12/88	1/88	12/88	1/88
Nonag. Wage & Salary	103,750	106,600	102,300	-2,850	1,450
Mining	3,500	3,500	3,100	0	400
Construction	3,400	3,500	3,850	-100	-450
Manufacturing	2,100	2,050	2,150	50	-50
Transportation	9,400	9,600	9,500	-200	-100
Trade	25,300	26,300	24,300	-1,000	1,000
Finance, Ins. & Real Estate	7,450	7,500	7,600	-50	-150
Services	24,550	25,500	24,150	-950	400
Government	27,950	28,650	27,650	-700	300

Interior Region

	p/	r/		Changes From:	
	1/89	12/88	1/88	12/88	1/88
Nonag. Wage & Salary	27,150	28,150	27,050	-1,000	100
Mining	250	250	200	0	50
Construction	1,100	1,100	1,100	0	0
Manufacturing	550	550	500	0	50
Transportation	2,050	2,050	1,850	0	200
Trade	5,450	5,800	5,400	-350	50
Finance, Ins. & Real Estate	800	800	1,000	0	-200
Services	5,850	5,950	5,850	-100	0
Government	11,100	11,650	11,150	-550	-50

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date: March 1988. p/ denotes Preliminary Estimates. r/ denotes Revised Estimates.

Source: Alaska Department of Labor, Research & Analysis

(Cont. on page 21)

Yet not all of the region's economies show a healthy glow. The Kenai/Soldotna area still suffers recessionary effects. There are signs, though, that the worst is behind them.

Anchorage and Fairbanks Not As Robust

Although Anchorage and Fairbanks can brag only about anemic growth in January, at least this growth is a marked improvement over three solid years of big losses. Anchorage and Fairbanks posted over-the-year employment increases of 1.5% and 0.6%, respectively.

In the midst of an improving economic picture, Anchorage's financial industry was dealt a blow when Alaska State Bank shut its doors. But the bank's closure reflects more of what happened in yesterday's economy than today's economy.

Table 2

(Cont. from page 20)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 1/89	r/ 12/88	1/88	Changes From: 12/88	1/88
Nonag. Wage & Salary	27,450	29,450	26,100	-2,000	1,350
Mining	200	200	150	0	50
Construction	700	950	700	-250	0
Manufacturing	2,900	4,150	3,000	-1,250	-100
Seafood Processing	650	600	700	50	-50
Lumber & Paper Products	2,000	3,250	2,050	-1,250	-50
All Other Manufacturing	250	300	250	-50	0
Transportation	2,050	2,150	1,850	-100	200
Trade	4,550	4,800	4,200	-250	350
Wholesale	450	450	400	0	50
Retail	4,100	4,350	3,800	-250	300
Finance, Ins. & Real Estate	1,050	1,000	1,000	50	50
Services	4,450	4,600	4,300	-150	150
Government	11,550	11,600	10,900	-50	650
Federal	1,900	2,050	1,900	-150	0
State	5,300	5,100	4,850	200	450
Local	4,350	4,450	4,150	-100	200

Gulf Coast Region

	p/ 1/89	r/ 12/88	1/88	Changes From: 12/88	1/88
Nonag. Wage & Salary	17,500	18,000	16,650	-500	850
Mining	800	850	750	-50	50
Construction	600	700	600	-100	0
Manufacturing	2,200	2,200	2,100	0	100
Seafood Processing	1,550	1,550	1,500	0	50
All Other Manufacturing	650	650	600	0	50
Transportation	1,350	1,350	1,300	0	50
Trade	3,350	3,550	3,150	-200	200
Wholesale	500	450	450	50	50
Retail	2,850	3,100	2,700	-250	150
Finance, Ins. & Real Estate	550	550	550	0	0
Services	3,100	3,150	3,000	-50	100
Government	5,550	5,650	5,200	-100	350
Federal	550	550	500	0	50
State	1,650	1,750	1,400	-100	250
Local	3,350	3,350	3,300	0	50

Southwest Region

	p/ 1/89	r/ 12/88	1/88	Changes From: 12/88	1/88
Nonag. Wage & Salary	11,800	11,700	11,200	100	600
Seafood Processing	1,800	1,500	1,700	300	100
All Other Private	3,900	4,050	3,850	-150	50
Government	6,100	6,150	5,650	-50	450
Federal	1,300	1,300	1,200	0	100
State	650	550	400	100	250
Local	4,150	4,300	4,050	-150	100

Northern Region

	p/ 1/89	r/ 12/88	1/88	Changes From: 12/88	1/88
Nonag. Wage & Salary	12,850	12,900	12,050	-50	800
Mining	4,750	4,750	3,900	0	850
All Other Private	3,800	3,750	3,750	50	50
Government	4,300	4,400	4,400	-100	-100
Federal	350	350	350	0	0
State	300	350	300	-50	0
Local	3,650	3,700	3,750	-50	-100

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date: March 1988. p/ denotes Preliminary Estimates. r/ denotes Revised Estimates.

Source: Alaska Department of Labor, Research & Analysis

A more interesting development in Anchorage's economy came out of the city demographer's office in January. The demographer believes Anchorage is no longer losing population. This represents a radical departure from the past three years when approximately 29,000 people left the city.

Fairbanks' economic landscape has changed little in the past four months. Military related construction continues to dominate new activity. And expanding work on the North Slope is breathing new life into the city's economy.

Table 3

Alaska Hours and Earnings for Selected Industries [1/2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 1/89	R/ 12/88	1/88	P/ 1/89	R/ 12/88	1/88	P/ 1/89	R/ 12/88	1/88
Mining	$1,158.91	$1,111.32	$1,160.62	50.3	49.0	47.9	$23.04	$22.68	$24.23
Construction	898.40	847.48	858.24	40.0	37.4	36.0	22.46	22.66	23.84
Manufacturing	475.69	585.43	491.06	34.9	42.3	37.6	13.63	13.84	13.06
Seafood Processing	253.46	368.84	311.83	28.1	44.6	36.6	9.02	8.27	8.52
Lumber & Paper Prod.	670.07	703.08	550.10	44.2	40.5	36.6	15.16	17.36	15.03
Trans., Comm. & Utilities	567.01	555.97	584.97	36.3	35.3	37.0	15.62	15.75	15.81
Trade	380.46	370.61	361.45	34.0	33.6	33.1	11.19	11.03	10.92
Wholesale	549.02	519.23	541.33	38.8	37.9	39.6	14.15	13.70	13.67
Retail	324.00	324.29	299.07	32.4	32.3	30.8	10.00	10.04	9.71
Finance, Ins. & Real Estate	382.50	404.08	397.86	34.9	34.1	34.9	10.96	11.85	11.40

Benchmark: March 1988.

[1/] Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2/] Excludes eating and drinking establishments.

AVERAGE HOURS AND EARNINGS SERIES. Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis

Cold Weather Pushed Alaska's Unemployment Higher

The unusually cold weather that gripped the state in January helped push Alaska's unemployment rate back into double digits after the state had enjoyed seven months of single-digit unemployment. It's worthy to remember, though, that January's higher unemployment rate still registered below last year's rate of 11.1%. This is one more indication that the state's labor picture is continuing to improve. It's also worthy to remember, though, that the seasonal loss of jobs is a telling sign; that is, a sizeable share of the Alaska labor force still finds work only during part of the year.

Summary:
1989 Start Solid, But Oil Revenue Shortfall Could Halt Recovery

In summary, the state's economy got off to a good start in 1989. With a few exceptions, all industries and most of the regions are performing relatively well. Some are performing exceptionally well. The most acute cloud on the horizon is the current oil revenue shortfall. It could derail the recent positive economic developments.

Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 1/89	R/ 12/88	1/88	P/ 1/89	R/ 12/88	1/88	P/ 1/89	R/ 12/88	1/88	P/ 1/89	R/ 12/88	1/88
Alaska Statewide	235,294	239,120	240,732	24,398	20,671	26,695	10.4	8.6	11.1	210,896	218,449	214,037
Anch.-MatSu Region	124,359	126,943	128,718	10,727	9,377	12,138	8.6	7.4	9.4	113,632	117,566	116,580
Anchorage Borough	110,734	112,282	114,143	8,258	7,235	9,366	7.5	6.4	8.2	102,476	105,047	104,777
MatSu Borough	13,625	14,661	14,575	2,469	2,142	2,772	18.1	14.6	19.0	11,156	12,519	11,803
Gulf Coast Region	24,746	24,508	24,421	3,854	2,971	3,759	15.6	12.1	15.4	20,892	21,537	20,662
Kenai Peninsula Borough	15,709	15,406	15,683	2,866	2,167	2,981	18.2	14.1	19.0	12,843	13,239	12,702
Kodiak Island Borough	5,251	5,318	5,089	434	353	325	8.3	6.6	6.4	4,817	4,965	4,764
Valdez-Cordova	3,786	3,784	3,649	554	451	453	14.6	11.9	12.4	3,232	3,333	3,196
Interior Region	34,248	34,903	35,741	4,707	4,246	5,253	13.7	12.2	14.7	29,541	30,657	30,488
Fairbanks North Star Borough	29,506	30,077	30,734	3,922	3,527	4,331	13.3	11.7	14.1	25,584	26,550	26,403
Southeast Fairbanks	2,008	1,990	2,103	344	263	385	17.1	13.2	18.3	1,664	1,727	1,718
Yukon-Koyukuk	2,734	2,836	2,904	441	456	537	16.1	16.1	18.5	2,293	2,380	2,367
Northern Region	8,023	7,998	8,090	728	687	798	9.1	8.6	9.9	7,295	7,311	7,292
Nome	3,051	3,041	3,098	331	315	380	10.8	10.4	12.3	2,720	2,726	2,718
North Slope Borough	2,874	2,882	2,856	152	154	135	5.3	5.3	4.7	2,722	2,728	2,721
Northwest Arctic Borough	2,098	2,075	2,136	245	218	283	11.7	10.5	13.2	1,853	1,857	1,853
Southeast Region	32,660	33,726	32,536	3,748	2,849	3,945	11.5	8.4	12.1	28,912	30,877	28,591
Haines Borough	823	847	859	115	90	158	14.0	10.6	18.4	708	757	701
Juneau Borough	14,202	14,940	14,048	991	831	984	7.0	5.6	7.0	13,211	14,109	13,064
Ketchikan Gateway Borough	6,207	6,349	6,019	913	695	784	14.7	10.9	13.0	5,294	5,654	5,235
Pr. of Wales-Outer Ketchikan	2,734	2,611	2,700	594	326	584	21.7	12.5	21.6	2,140	2,285	2,116
Sitka Borough	3,754	3,999	3,768	298	308	350	7.9	7.7	9.3	3,456	3,691	3,418
Skagway-Yakutat-Angoon	1,703	1,639	1,783	421	270	515	24.7	16.5	28.9	1,282	1,369	1,268
Wrangell-Petersburg	3,237	3,341	3,359	416	329	570	12.9	9.8	17.0	2,821	3,012	2,789
Southwest Region	11,258	11,042	11,226	634	541	802	5.6	4.9	7.1	10,624	10,501	10,424
Aleutian Islands	3,107	3,058	3,075	61	48	87	2.0	1.6	2.8	3,046	3,010	2,988
Bethel	4,233	4,194	4,250	235	242	327	5.6	5.8	7.7	3,998	3,952	3,923
Bristol Bay Borough	446	447	432	52	57	45	11.7	12.8	10.4	394	390	387
Dillingham	2,052	1,981	2,019	153	104	156	7.5	5.2	7.7	1,899	1,877	1,863
Wade Hampton	1,420	1,362	1,450	133	90	187	9.4	6.6	12.9	1,287	1,272	1,263

P/ = Preliminary R/ = Revised Benchmark 1988

Notes:

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.

- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor because Alaska's Current Population Survey sample size is inadequate to accurately indicate monthly changes in level. Sampling errors are random in nature, meaning that the unemployment rates in any given month are as likely to be high as frequently as they are low.

- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Source: Alaska Department of Labor, Research & Analysis

On the Annual Benchmark Revision:

By John Boucher

Past 18 Months of Employment Data Revised.

In January of every year, nonagricultural wage and salary employment estimates are revised for the preceding 18 months by a procedure referred to as 'benchmarking'. The revision of employment estimates for the last half of 1987 and all of 1988 has been completed and are published in this issue of Trends. (See Tables 1 through 18.)

Monthly Job Estimates Based on Employer Sampling

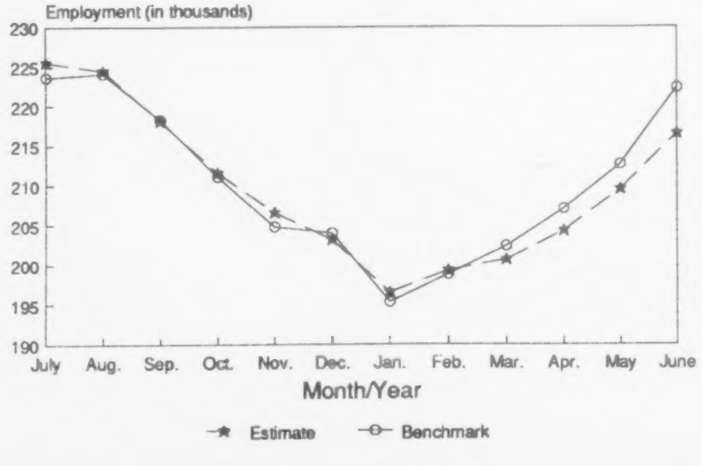
The monthly employment estimates published in this magazine are based on a sample of employers. Current monthly employment is estimated via this sample of approximately 1,200 firms. The firms voluntarily participate in the Department of Labor's Current Employment Statistics (CES) program. The firms' data allow DOL economists to produce reliable and timely estimates on both the direction and the magnitude of movement of nonagricultural wage and salary employment.

Revised Employment Estimates Incorporate Latest UI Tax Data

The most comprehensive count of nonagricultural wage and salary employment is based on Unemployment Insurance (UI) tax reports (commonly referred to as the Quarterly Report of Employment and Wages, or the ES-202 report). However, ES-202 data are not incorporated into the current employment estimates because there is a six-to-nine month lag in the collection and publication of this information. The January 1989 benchmark process, though, does incorporate the most recent ES-202 data available.

Figure 1

Comparison of Original Estimates and Benchmark: July '87 – June '88



Source: Alaska Department of Labor, Research & Analysis

Revised estimates for the benchmark were calculated through December 1988. These estimates incorporate ES-202 data through June 1988. The remaining six months of 1988 were re-estimated using an augmented CES sample. The new sample incorporates additional information unavailable at the time the original estimate was generated.

Table 1

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	195,200	198,900	202,300	207,300	212,800	221,900	227,900	226,700	224,200	214,800	209,000	207,100	212,300
Mining	8,100	8,600	9,100	9,400	9,500	10,400	10,100	10,300	9,900	9,700	9,500	9,300	9,500
Construction	6,800	6,800	7,000	7,800	8,900	9,900	10,600	11,000	11,100	9,900	7,900	6,700	8,700
Manufacturing	9,500	10,400	11,900	12,900	14,300	18,100	24,400	22,200	17,500	13,600	11,900	10,900	14,800
Seafood Processing	4,300	4,800	5,700	6,100	7,200	10,500	16,700	14,300	9,700	6,000	4,600	4,200	7,800
Lumber & Paper Products	2,100	2,500	3,100	3,500	3,700	4,000	4,100	4,300	4,300	4,200	4,000	3,400	3,600
All Other Manufacturing	3,100	3,100	3,100	3,300	3,400	3,600	3,600	3,600	3,500	3,400	3,300	3,300	3,400
Transportation	16,100	16,300	16,500	16,300	17,200	18,300	18,200	18,300	18,200	17,300	16,700	16,800	17,200
Trucking & Warehousing	2,100	2,200	2,300	2,000	2,100	2,300	2,300	2,300	2,300	2,200	2,100	2,200	2,200
Water Transportation	800	800	900	900	1,100	1,100	1,200	1,300	1,200	1,100	1,000	1,000	1,000
Air Transportation	5,100	5,100	5,100	5,200	5,400	5,800	5,800	5,800	5,600	5,400	5,300	5,300	5,400
Communications	3,300	3,300	3,300	3,200	3,300	3,300	3,300	3,300	3,300	3,200	3,200	3,200	3,300
All Other Transportation	4,800	4,900	4,900	5,000	5,300	5,800	5,600	5,600	5,800	5,400	5,100	5,100	5,300
Trade	38,800	38,500	39,100	40,600	42,400	44,300	44,600	44,700	43,900	42,300	41,900	42,400	42,000
Wholesale	7,000	7,000	7,000	7,200	7,500	7,800	8,000	8,000	7,800	7,600	7,500	7,400	7,500
Retail	31,800	31,500	32,100	33,400	34,900	36,500	36,600	36,700	36,100	34,700	34,400	35,000	34,500
Gen. Merch. & Apparel	4,700	4,500	4,600	4,600	4,700	5,000	5,200	5,200	5,100	5,100	5,300	5,600	5,000
Food Stores	5,800	5,700	5,900	5,900	6,100	6,400	6,200	6,200	6,200	6,000	6,000	6,100	6,000
Eating & Drinking Places	11,400	11,500	11,700	12,500	13,200	13,900	13,900	14,000	13,700	12,600	12,200	12,200	12,700
All Other Retail	9,900	9,800	9,900	10,400	10,900	11,200	11,300	11,300	11,100	11,000	10,900	11,100	10,700
Finance, Ins. & Real Estate	10,800	10,800	10,800	10,700	10,600	10,800	10,800	10,900	10,700	10,600	10,500	10,400	10,700
Services	40,200	40,800	41,100	42,000	43,200	45,100	45,600	45,500	44,300	42,700	42,200	42,400	42,900
Hotels & Other Lodging	3,900	3,700	3,900	4,100	4,600	5,700	6,000	6,000	5,400	4,300	4,000	4,000	4,600
Government*	64,900	66,700	66,800	67,600	66,700	65,000	63,600	63,800	68,600	68,700	68,400	68,200	66,600
Federal	17,700	17,700	17,500	17,600	17,800	18,300	18,500	18,500	18,400	17,800	17,800	18,000	18,000
State	18,000	19,200	19,500	19,900	18,700	18,500	18,500	18,600	20,600	20,400	20,400	20,000	19,400
Local	29,200	29,800	29,800	30,100	30,200	28,200	26,600	26,700	29,600	30,500	30,200	30,200	29,300

Annual averages may not add due to rounding.

Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Two New Series Produced: 'Communications', and 'Hotels, Motels & Other Lodging Places'

The 1988 benchmark brings several changes in the reported data. Beginning with these numbers, published for the first time in this issue, two new categories of industry employment are reported, and one category is redefined. The two new categories of employment are: 1) 'Communications', and 2) 'Hotels, Motels & Other Lodging Places'. The redefined employment series is: 'All Other Transportation'.

The reason for collecting and publishing information on the two new industry employment categories is due to changes that have occurred in Alaska's economy over the past decade. The 'Hotels, Motels & Other Lodging Places' series is a first step toward breaking out current information on Alaska's services industries. This industry category is of particular interest to economists and students of the Alaska economy because of its traditional ties to Alaska's growing tourism industry.

Future benchmark revisions will introduce more published series within the services industries. Alaska's economy, like other states in the Lower '48, has become increasingly service oriented. Trends within the greater category of services employment can easily mask changes at the more detailed level. As employer sampling systems are developed, refined and tested, more employment category series encompassed by the services

Table 2

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	196,700	199,300	200,900	205,600	212,700	219,100	224,100	224,300	218,400	210,900	204,800	204,100	210,100
Mining	7,900	7,900	7,900	8,300	8,500	9,000	9,400	9,800	9,800	9,300	8,900	8,600	8,800
Construction	8,800	8,700	8,800	9,200	10,500	11,900	12,000	12,600	11,500	10,600	8,700	7,700	10,100
Manufacturing	8,400	9,600	10,200	11,700	13,600	15,400	20,900	19,000	13,800	11,900	10,300	9,900	12,900
Seafood Processing	3,500	4,100	4,500	5,700	7,200	8,700	14,000	12,100	6,900	5,300	4,000	3,800	6,700
Lumber & Paper Products	1,800	2,300	2,500	2,900	3,100	3,300	3,600	3,600	3,700	3,500	3,300	3,100	3,100
All Other Manufacturing	3,100	3,200	3,200	3,100	3,300	3,400	3,300	3,300	3,200	3,100	3,000	3,000	3,200
Transportation	16,400	16,400	16,800	16,600	17,700	19,100	19,000	19,000	18,700	17,500	17,000	17,100	17,600
Trucking & Warehousing	2,100	2,000	2,200	2,200	2,400	2,600	2,600	2,700	2,700	2,400	2,400	2,600	2,400
Water Transportation	700	800	1,000	900	1,100	1,200	1,200	1,300	1,200	1,100	1,000	1,000	1,000
Air Transportation	4,900	4,900	4,900	5,000	5,300	5,700	5,800	5,800	5,600	5,400	5,200	5,200	5,300
Communications	3,900	3,900	3,900	3,700	3,700	3,700	3,700	3,600	3,500	3,400	3,400	3,300	3,600
All Other Transportation	4,800	4,800	4,800	4,800	5,200	5,900	5,700	5,600	5,700	5,200	5,000	5,000	5,200
Trade	38,700	38,400	38,400	39,200	41,300	43,400	43,800	44,200	43,400	40,900	40,800	41,000	41,100
Wholesale	7,200	7,200	7,200	7,200	7,400	7,600	7,900	7,800	7,500	7,300	7,300	7,200	7,400
Retail	31,500	31,200	31,200	32,000	33,900	35,800	35,900	36,400	35,900	33,600	33,500	33,800	33,700
Gen. Merch. & Apparel	4,600	4,400	4,400	4,400	4,700	5,100	5,000	5,200	5,100	4,900	5,200	5,500	4,900
Food Stores	5,500	5,500	5,600	5,600	5,900	6,000	6,200	6,200	6,200	5,900	5,800	5,900	5,900
Eating & Drinking Places	11,400	11,400	11,400	11,800	12,600	13,700	13,500	13,800	13,600	12,300	12,000	11,800	12,400
All Other Retail	10,000	9,900	9,800	10,200	10,700	11,000	11,200	11,200	11,000	10,500	10,500	10,600	10,600
Finance, Ins. & Real Estate	11,500	11,400	11,300	11,400	11,300	11,400	11,500	11,600	11,300	11,100	11,000	11,100	11,300
Services	40,000	40,300	40,900	41,700	42,600	44,300	44,700	45,000	43,900	42,400	41,700	42,100	42,500
Hotels & Other Lodging	3,700	3,700	3,900	4,300	4,600	5,700	6,000	6,100	5,400	4,300	4,000	3,900	4,600
Government*	65,000	66,600	66,600	67,500	67,200	64,600	62,800	63,100	66,000	67,200	66,400	66,600	65,800
Federal	17,000	17,000	17,100	17,600	18,000	18,400	18,500	18,500	18,400	18,000	17,900	18,100	17,900
State	18,100	19,200	19,300	19,500	18,400	18,200	17,800	18,200	18,900	19,400	19,100	18,700	18,700
Local	29,900	30,400	30,200	30,400	30,800	28,000	26,500	26,400	28,700	29,800	29,400	29,800	29,200

Annual averages may not add due to rounding.

Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

sector will be made available and published.

The other new industry employment series to be introduced with the 1988 benchmark is 'Communications'. This industry category includes radio and television broadcasters and workers employed by private telephone and telegraph utilities, cable television utilities, and satellite communications and tracking industries. Alaska's large geographic area and the advancement of communications technology has made this industry a critical performer in Alaska's economy.

'All Other Transportation' Series Redefined

The introduction of the 'Communications' series has necessitated a redefinition of the 'All Other Transportation' series. Prior to the 1988 benchmark, the 'All Other Transportation' series included 'Communications'; future references to 'All Other Transportation' will not include the communications industry. This results in a break in series beginning January 1987. Estimates for 'All Other Transportation' prior to January 1987 will not be comparable to data after that date.

Table 3

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage Borough 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	96,300	97,300	98,200	98,850	100,400	102,650	103,550	103,650	103,950	102,000	100,150	100,300	100,600
Mining	3,100	3,200	3,300	3,250	3,300	3,450	3,500	3,600	3,600	3,500	3,500	3,500	3,400
Construction	3,700	3,550	3,550	3,850	4,300	4,750	5,100	5,150	4,950	4,500	3,550	3,250	4,200
Manufacturing	2,100	2,150	2,250	2,550	2,700	3,300	3,300	3,200	2,600	2,350	2,050	1,950	2,550
Transportation	8,800	8,950	9,150	8,850	9,200	9,500	9,600	9,550	9,500	9,150	9,050	9,000	9,200
Trucking & Warehousing	1,350	1,450	1,550	1,200	1,250	1,300	1,400	1,450	1,450	1,400	1,450	1,500	1,400
Water Transportation	250	250	300	300	350	300	350	300	350	300	350	300	300
Air Transportation	3,150	3,150	3,200	3,250	3,350	3,550	3,600	3,600	3,450	3,350	3,250	3,200	3,350
Communications	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,750	1,750	1,750	1,800
All Other Transportation	2,250	2,300	2,300	2,300	2,450	2,550	2,450	2,400	2,450	2,350	2,250	2,250	2,350
Trade	22,900	22,700	23,050	23,400	24,000	24,800	24,700	24,850	24,850	24,550	24,550	24,750	24,100
Wholesale	5,350	5,300	5,350	5,400	5,600	5,700	5,800	5,750	5,750	5,750	5,800	5,800	5,600
Retail	17,550	17,400	17,700	18,000	18,400	19,100	18,900	19,100	19,100	18,800	18,750	18,950	18,500
Gen. Merch. & Apparel	2,400	2,300	2,300	2,300	2,350	2,500	2,650	2,700	2,650	2,600	2,700	2,800	2,500
Food Stores	2,800	2,750	2,900	2,750	2,750	3,000	2,650	2,700	2,850	2,800	2,800	2,800	2,800
Eating & Drinking Places	7,050	7,100	7,200	7,400	7,600	7,750	7,750	7,800	7,750	7,550	7,450	7,500	7,500
All Other Retail	5,300	5,250	5,300	5,550	5,700	5,850	5,850	5,900	5,850	5,850	5,800	5,850	5,650
Finance, Ins. & Real Estate	7,200	7,300	7,350	7,150	7,150	7,200	7,150	7,050	7,100	7,150	7,150	7,150	7,200
Services	23,150	23,550	23,700	24,000	24,350	24,950	25,200	25,250	25,250	24,700	24,200	24,450	24,400
Government*	25,350	25,900	25,850	25,800	25,400	24,700	25,000	25,000	26,100	26,100	26,100	26,250	25,650
Federal	10,450	10,350	10,250	10,200	10,200	10,350	10,450	10,350	10,350	10,200	10,300	10,400	10,300
State	6,300	6,900	6,950	7,050	6,500	6,450	6,400	6,450	7,250	7,350	7,350	7,300	6,850
Local	8,600	8,650	8,650	8,550	8,700	7,900	8,150	8,200	8,500	8,550	8,450	8,550	8,450

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Estimates Tracked Well Until March

During the last half of 1987 and until March 1988, the original estimates tracked accurately the benchmarked employment numbers. (See Figure 1.) In general, sample-based estimates tend to lag behind an economic turnaround. In part, this is due to the sample's inability to account for the entrance of any new firms.

Employment increased 1.1% from 1987 to 1988 on an average annual basis. This was the first employment gain in the last two years. Employment fell 4.3% and 4.8% the prior two years. By late 1987 employment losses were moderating. And during four of the first six months of 1988, employment levels climbed above the level reached the previous year. (For additional insight into the past year's employment levels, other articles elsewhere in this issue analyze levels statewide and regionally.)

Table 4

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage Borough 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	98,250	98,550	99,050	100,250	101,750	103,300	103,950	104,500	103,350	101,200	99,650	100,250	101,150
Mining	3,050	3,050	3,150	3,150	3,100	3,100	3,150	3,200	3,200	3,200	3,150	3,150	3,150
Construction	4,650	4,650	4,700	4,850	5,450	6,200	6,300	6,600	6,100	5,650	4,600	4,150	5,350
Manufacturing	2,000	2,050	2,100	2,200	2,400	2,650	3,150	3,100	2,500	2,150	1,900	1,800	2,350
Transportation	8,800	8,750	9,050	9,056	9,600	10,200	10,050	9,900	9,700	9,250	9,150	9,400	9,400
Trucking & Warehousing	1,300	1,250	1,500	1,450	1,650	1,700	1,700	1,750	1,800	1,600	1,650	1,800	1,600
Water Transportation	200	250	250	300	350	350	350	350	300	300	250	300	300
Air Transportation	3,050	3,000	3,050	3,100	3,200	3,400	3,500	3,450	3,350	3,200	3,100	3,100	3,200
Communications	1,900	1,900	1,900	1,900	1,900	1,950	1,900	1,850	1,800	1,800	1,850	1,850	1,900
All Other Transportation	2,350	2,350	2,350	2,300	2,500	2,800	2,600	2,500	2,450	2,350	2,300	2,350	2,450
Trade	22,800	22,550	22,450	22,600	22,950	23,600	24,100	24,400	24,300	23,550	23,650	23,800	23,400
Wholesale	5,550	5,500	5,500	5,450	5,450	5,600	5,700	5,700	5,650	5,600	5,600	5,550	5,550
Retail	17,250	17,050	16,950	17,150	17,500	18,000	18,400	18,700	18,650	17,950	18,050	18,250	17,850
Gen. Merch. & Apparel	2,300	2,250	2,150	2,200	2,300	2,450	2,450	2,550	2,600	2,450	2,700	2,800	2,450
Food Stores	2,800	2,750	2,850	2,750	2,750	2,850	2,950	2,950	3,000	2,800	2,750	2,850	2,850
Eating & Drinking Places	6,750	6,750	6,700	6,700	6,850	7,050	7,150	7,300	7,250	7,100	6,950	6,950	6,950
All Other Retail	5,400	5,300	5,250	5,500	5,600	5,650	5,850	5,900	5,800	5,600	5,650	5,650	5,600
Finance, Ins. & Real Estate	7,700	7,650	7,600	7,600	7,550	7,600	7,600	7,650	7,500	7,550	7,500	7,600	7,600
Services	23,300	23,450	23,600	24,050	24,250	24,650	24,600	24,700	24,550	24,050	23,850	24,200	24,100
Government*	25,950	26,400	26,400	26,750	26,450	25,300	25,000	24,950	25,500	25,800	25,850	26,150	25,900
Federal	10,050	10,050	10,100	10,200	10,300	10,450	10,450	10,450	10,450	10,450	10,450	10,500	10,350
State	6,450	6,900	6,950	7,000	6,550	6,450	6,250	6,350	6,650	6,850	6,850	6,900	6,700
Local	9,450	9,450	9,350	9,550	9,600	8,400	8,300	8,150	8,400	8,500	8,550	8,750	8,850

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Hours and Earnings Statistics Pointed to Recovery in 1988

Employers also provide the data used to estimate hours and earnings statistics. These estimates are adjusted to reflect the level of employment. When the employment data are benchmarked, the hours and earnings data are reviewed to see if additional employment level changes might further change the hours and earnings estimates. (See Table 19.) Usually, the hours and earnings estimates have changed. The cause of the change is primarily a result of new firms being added to the sample; the change is also due to changes in the benchmarked estimates of employment. (It's worthy to note that the quarterly ES-202 data don't lend themselves to be used as estimates for the average weekly hours and earnings data.)

The past year's average weekly hours data indicate that Alaska's economy was on the rebound during 1988. A trend toward shorter work weeks reversed itself in most industries. Average weekly hours increased slightly in mining and construction, and held steady in most other industries. One notable exception was the average hours worked in the seafood processing industry. The decrease was probably due to the lower volume of salmon processed in Alaska during the peak season in 1988.

Table 5

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	102,300	103,300	104,300	105,100	106,850	109,150	109,900	110,150	110,600	108,500	106,600	106,600	106,950
Mining	3,100	3,200	3,300	3,250	3,300	3,450	3,500	3,600	3,600	3,550	3,500	3,500	3,400
Construction	3,850	3,700	3,700	4,000	4,500	4,950	5,300	5,500	5,300	4,850	3,800	3,500	4,400
Manufacturing	2,150	2,200	7,350	2,600	2,800	3,450	3,450	3,300	2,700	2,450	2,200	2,050	2,650
Transportation	9,500	9,550	9,800	9,450	9,800	10,050	10,150	10,050	10,200	9,900	9,750	9,600	9,800
Trade	24,300	24,100	24,450	24,900	25,550	26,400	26,400	26,500	26,450	26,100	26,100	26,300	25,650
Finance, Ins. & Real Estate	7,600	7,700	7,750	7,550	7,550	7,600	7,550	7,500	7,500	7,500	7,500	7,500	7,550
Services	24,150	24,600	24,750	25,100	25,550	26,200	26,500	26,650	26,400	25,650	25,200	25,500	25,500
Government*	27,650	28,250	28,200	28,250	27,800	27,050	27,050	27,050	28,450	28,500	28,550	28,650	27,950

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 6

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu Region 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	104,600	104,950	105,500	106,600	108,350	110,050	110,400	110,850	109,900	107,700	106,050	106,700	107,650
Mining	3,050	3,050	3,150	3,150	3,100	3,100	3,200	3,200	3,200	3,200	3,150	3,150	3,150
Construction	4,900	4,850	4,900	5,100	5,700	6,500	6,600	6,900	6,400	5,900	4,850	4,400	5,600
Manufacturing	2,050	2,100	2,200	2,300	2,450	2,750	3,250	3,200	2,550	2,250	1,950	1,900	2,400
Transportation	9,500	9,450	9,700	9,700	10,300	10,800	10,650	10,450	10,400	10,000	9,800	10,050	10,050
Trade	24,350	24,150	24,050	24,150	24,700	25,350	25,850	26,100	26,000	25,050	25,250	25,400	25,050
Finance, Ins. & Real Estate	8,150	8,100	8,100	8,050	8,000	8,050	8,050	8,100	7,950	7,950	7,950	8,050	8,050
Services	24,300	24,450	24,650	25,050	25,300	25,800	25,750	25,900	25,700	25,200	24,950	25,250	25,200
Government*	28,300	28,800	28,750	29,100	28,800	27,700	27,050	27,000	27,700	28,150	28,150	28,500	28,150

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 7

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks North Star Borough 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	23,650	23,750	24,000	24,950	25,550	26,450	26,650	26,850	27,000	25,950	25,200	24,750	25,400
Mining	100	100	150	150	150	200	200	200	200	150	100	100	150
Construction	1,100	1,100	1,100	1,250	1,500	1,750	2,050	2,050	2,000	1,800	1,350	1,050	1,500
Manufacturing	450	500	500	550	600	650	700	700	700	650	550	550	600
Transportation	1,600	1,650	1,650	1,650	1,800	2,000	2,000	2,100	2,000	1,850	1,800	1,800	1,850
Trucking & Warehousing	300	350	350	350	350	400	400	400	400	400	400	400	400
Air Transportation	300	300	300	250	300	300	300	350	300	300	[illegible]	300	300
All Other Transportation	1,000	1,000	1,000	1,050	1,150	1,300	1,300	1,350	1,300	1,150	1,100	1,100	1,150
Trade	5,100	5,000	5,100	5,650	5,950	6,350	6,250	6,350	6,150	5,500	5,500	5,450	5,700
Wholesale	650	650	700	700	750	750	750	800	700	700	700	650	700
Retail	4,450	4,350	4,400	4,950	5,200	5,600	5,500	5,550	5,450	4,800	4,800	4,800	5,000
Food Stores	750	750	750	750	750	800	800	750	800	800	800	750	750
All Other Retail	3,700	3,600	3,650	4,200	4,450	4,800	4,700	4,800	4,650	4,000	4,000	4,050	4,200
Finance, Ins. & Real Estate	900	750	750	800	800	800	800	800	800	750	750	750	800
Services	5,450	5,450	5,500	5,500	5,650	6,000	6,150	6,150	5,800	5,600	5,500	5,500	5,700
Government	8,950	9,200	9,250	9,400	9,100	8,700	8,500	8,500	9,350	9,650	9,650	9,550	9,150
Federal	2,750	2,700	2,700	2,750	2,800	2,800	2,800	2,800	2,800	2,750	2,750	2,750	2,750
State	3,650	3,950	4,000	4,050	3,650	3,500	3,400	3,400	3,950	4,200	4,200	4,100	3,850
Local	2,550	2,550	2,550	2,600	2,650	2,400	2,300	2,300	2,600	2,700	2,700	2,700	2,550

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Revised Labor Force Data Points to Improved Job Market

Labor force statistics are also benchmarked in January using the new nonagricultural wage and salary numbers, as well as other updated data. These benchmarked data were calculated using the new methodology for estimating the statewide unemployment rate. (See Table 20.) (For details about the change in methodology refer to January 1989 *Trends* article entitled, "January Estimates of Statewide Unemployment Will Be Calculated Using New Method".)

The employment numbers in the labor force table differ from the nonagricultural wage and salary numbers because of the disparate definitions and methodologies used in making estimates. Nonagricultural wage and salary employment is considered the better indicator of changes in industry employment; the

Table 8

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks North Star Borough 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	23,900	24,150	24,400	25,000	25,650	27,250	26,900	27,550	27,150	25,600	25,000	24,250	25,550
Mining	100	100	100	150	150	200	200	200	200	100	50	50	150
Construction	1,150	1,150	1,150	1,250	1,550	1,900	2,050	2,150	1,950	1,700	1,300	1,050	1,550
Manufacturing	500	500	500	500	500	550	600	600	600	550	500	450	550
Transportation	2,100	2,050	2,050	1,950	2,000	2,150	2,200	2,150	2,050	1,900	1,800	1,700	2,000
Trucking & Warehousing	350	350	350	350	350	350	400	400	350	350	350	350	350
Air Transportation	300	300	300	300	300	300	350	350	300	400	400	400	350
All Other Transportation	1,450	1,400	1,400	1,300	1,350	1,500	1,450	1,400	1,400	1,150	1,050	950	1,300
Trade	4,850	4,800	4,850	5,200	5,650	6,450	6,000	6,300	6,250	5,500	5,500	5,450	5,550
Wholesale	750	750	750	750	750	800	800	850	750	700	700	700	750
Retail	4,100	4,050	4,100	4,450	4,900	5,650	5,200	5,450	5,500	4,800	4,800	4,750	4,800
Food Stores	650	650	650	700	700	700	750	850	850	850	850	800	750
All Other Retail	3,450	3,400	3,450	3,750	4,200	4,950	4,450	4,600	4,650	3,950	3,950	3,950	4,050
Finance, Ins. & Real Estate	950	900	900	900	900	950	900	850	900	700	700	700	850
Services	5,300	5,350	5,450	5,500	5,650	6,100	6,350	6,450	6,150	5,750	5,700	5,700	5,800
Government	8,950	9,300	9,400	9,550	9,250	8,950	8,600	8,850	9,050	9,400	9,450	9,150	9,150
Federal	2,650	2,700	2,700	2,850	2,950	3,000	2,850	2,850	2,850	2,850	2,850	2,800	2,850
State	3,600	3,900	3,950	3,950	3,550	3,400	3,300	3,600	3,750	4,000	4,050	3,800	3,750
Local	2,700	2,700	2,750	2,750	2,750	2,550	2,450	2,400	2,450	2,550	2,550	2,550	2,600

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

labor force data is considered a better measure of job prospects and of unemployed people's current hardships.

In 1988 Alaska posted an unemployment rate of 9.5 percent, the lowest level of unemployment since 1981. The year 1988 began with four months of unemployment rates near 11 percent. But as the year progressed, the unemployment rate declined to levels normally associated with a stable Alaska economy. The year closed with seven consecutive months of unemployment rates below 10 percent. Additionally, there were reports of labor shortages in some industries, including logging, seafood processing, and eating and drinking establishments. These signs indicate that the Alaska job market had turned the corner in 1988 and that employment opportunities had become more plentiful in many areas of the state.

Table 9

Nonagricultural Wage and Salary Employment
By Place of Work
Interior Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	27,050	27,100	27,300	28,900	29,500	30,800	30,850	31,350	31,450	29,800	28,700	28,150	29,250
Mining	200	300	300	300	300	350	350	350	350	300	250	250	300
Construction	1,100	1,100	1,100	1,350	1,650	1,850	2,100	2,150	2,150	1,900	1,450	1,100	1,600
Manufacturing	500	500	500	600	600	700	700	750	700	650	550	550	600
Transportation	1,850	1,850	1,900	1,950	2,150	2,500	2,550	2,600	2,450	2,200	2,050	2,050	2,200
Trade	5,400	5,250	5,350	5,950	6,300	6,800	6,750	6,850	6,700	5,900	5,850	5,800	6,100
Finance, Ins. & Real Estate	1,000	800	800	900	850	900	900	900	900	800	800	800	850
Services	5,850	5,850	5,900	6,050	6,200	6,650	6,850	6,900	6,450	6,100	5,950	5,950	6,250
Government*	11,150	11,450	11,450	11,800	11,450	11,050	10,650	10,850	11,750	11,950	11,800	11,650	11,400

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988

Source: Alaska Department of Labor, Research & Analysis

Table 10

Nonagricultural Wage and Salary Employment
By Place of Work
Interior Region 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	27,300	27,550	27,700	28,700	29,900	31,550	31,100	31,900	31,350	29,300	28,350	27,750	29,350
Mining	200	200	200	250	300	350	350	350	350	200	200	200	250
Construction	1,250	1,200	1,250	1,400	1,750	2,100	2,250	2,350	2,100	1,800	1,400	1,100	1,650
Manufacturing	500	500	500	500	550	600	600	650	600	550	500	500	550
Transportation	2,400	2,350	2,300	2,250	2,400	2,600	2,600	2,550	2,400	2,200	2,050	1,950	2,350
Trade	5,100	5,050	5,100	5,500	6,100	6,900	6,500	6,800	6,650	5,850	5,750	5,800	5,950
Finance, Ins. & Real Estate	1,000	1,000	950	950	1,000	1,050	1,000	950	950	750	750	750	950
Services	5,700	5,750	5,850	6,000	6,100	6,750	7,100	7,200	6,850	6,250	6,100	6,100	6,300
Government*	11,150	11,500	11,550	11,850	11,700	11,200	10,700	11,050	11,450	11,700	11,600	11,350	11,400

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988

Source: Alaska Department of Labor, Research & Analysis

Table 11

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	26,100	27,000	28,700	29,900	30,950	32,450	33,750	34,200	33,450	31,700	30,250	29,450	30,650
Mining	150	150	200	150	200	200	200	200	200	200	200	200	200
Construction	700	750	950	1,000	1,100	1,100	1,200	1,250	1,250	1,250	1,150	950	1,050
Manufacturing	3,000	3,350	4,400	4,950	5,100	5,750	7,000	7,250	6,450	5,450	4,700	4,150	5,150
Seafood Processing	700	650	1,100	1,250	1,200	1,550	2,750	2,950	2,150	1,200	600	600	1,400
Lumber & Paper Products	2,050	2,450	3,050	3,450	3,600	3,900	3,950	4,000	4,000	3,950	3,800	3,250	3,450
All Other Manufacturing	250	250	250	250	300	300	300	300	300	300	300	300	300
Transportation	1,850	1,900	2,000	2,050	2,250	2,600	2,550	2,600	2,450	2,300	2,200	2,150	2,250
Trade	4,200	4,200	4,300	4,500	4,850	5,100	5,250	5,300	5,150	4,950	4,800	4,800	4,800
Wholesale	400	400	400	400	400	450	450	450	450	450	450	450	450
Retail	3,800	3,800	3,900	4,100	4,450	4,650	4,800	4,850	4,700	4,500	4,350	4,350	4,350
Finance, Ins. & Real Estate	1,000	1,050	1,050	1,050	1,000	1,050	1,050	1,050	1,000	1,000	1,000	1,000	1,050
Services	4,300	4,400	4,500	4,650	4,900	5,250	5,250	5,250	5,150	4,850	4,650	4,600	4,800
Government*	10,900	11,200	11,300	11,550	11,550	11,400	11,250	11,300	11,800	11,700	11,550	11,600	11,450
Federal	1,900	1,850	1,850	1,900	2,000	2,100	2,100	2,100	2,100	2,050	2,000	2,050	2,000
State	4,850	5,050	5,100	5,200	5,100	5,100	5,100	5,150	5,350	5,250	5,200	5,100	5,150
Local	4,150	4,300	4,350	4,450	4,450	4,200	4,050	4,050	4,350	4,400	4,350	4,450	4,300

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 12

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Region 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	25,650	26,350	27,050	28,050	29,300	30,500	31,750	32,150	31,150	29,900	28,550	28,500	29,100
Mining	50	50	50	50	50	100	100	100	100	150	150	150	100
Construction	850	950	1,000	1,050	1,200	1,250	1,050	1,250	1,050	1,200	1,100	1,000	1,100
Manufacturing	2,500	2,950	3,150	3,800	4,200	4,700	6,050	6,400	5,500	4,600	4,200	3,900	4,350
Seafood Processing	600	600	550	800	1,000	1,300	2,400	2,650	1,700	950	700	650	1,150
Lumber & Paper Products	1,700	2,150	2,400	2,800	3,000	3,150	3,400	3,500	3,550	3,400	3,250	3,000	2,950
All Other Manufacturing	200	200	200	200	200	250	250	250	250	250	250	250	250
Transportation	1,750	1,800	2,000	1,900	2,100	2,500	2,450	2,450	2,450	2,250	2,150	2,050	2,150
Trade	4,100	4,050	4,200	4,300	4,650	4,950	5,050	5,050	4,900	4,650	4,500	4,500	4,600
Wholesale	350	350	400	400	400	400	450	450	400	400	400	400	400
Retail	3,750	3,700	3,800	3,900	4,250	4,550	4,600	4,600	4,500	4,250	4,100	4,100	4,200
Finance, Ins. & Real Estate	1,050	1,050	1,050	1,050	1,050	1,050	1,150	1,150	1,050	1,050	1,000	1,050	1,050
Services	4,300	4,300	4,400	4,550	4,750	5,000	4,850	4,850	4,800	4,650	4,350	4,450	4,600
Government*	11,050	11,200	11,200	11,350	11,300	10,950	11,050	10,900	11,300	11,350	11,100	11,400	11,200
Federal	1,850	1,800	1,850	1,900	1,950	2,050	2,150	2,150	2,200	1,950	1,950	2,050	2,000
State	5,000	5,100	5,100	5,150	5,050	4,950	4,950	4,900	4,950	5,000	4,850	4,750	5,000
Local	4,200	4,300	4,250	4,300	4,300	3,950	3,950	3,850	4,150	4,400	4,300	4,600	4,200

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 13

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	16,650	16,850	17,300	17,850	19,450	21,650	21,700	23,750	21,500	19,600	18,500	18,000	19,650
Mining	750	800	800	800	850	850	850	850	850	800	800	850	800
Construction	600	600	650	700	800	950	950	1,100	1,100	1,050	850	700	850
Manufacturing	2,100	2,150	2,400	2,450	3,100	4,300	7,450	6,400	4,400	2,950	2,450	2,200	3,550
Seafood Processing	1,500	1,550	1,800	1,850	2,450	3,650	6,800	5,750	3,700	2,250	1,800	1,550	2,900
All Other Manufacturing	600	600	600	600	650	650	650	650	700	700	650	650	650
Transportation	1,300	1,300	1,300	1,300	1,350	1,550	1,600	1,500	1,450	1,400	1,400	1,350	1,400
Trade	3,150	3,150	3,150	3,350	3,750	4,050	4,250	4,200	3,850	3,700	3,550	3,550	3,650
Wholesale	450	450	450	450	550	650	700	650	550	500	450	450	550
Retail	2,700	2,700	2,700	2,900	3,200	3,400	3,550	3,550	3,300	3,200	3,100	3,100	3,100
Finance, Ins. & Real Estate	550	500	550	550	550	550	550	550	550	550	550	550	550
Services	3,000	3,000	3,000	3,150	3,450	3,850	3,850	3,800	3,600	3,350	3,200	3,150	3,350
Government*	5,200	5,350	5,450	5,550	5,600	5,550	5,200	5,350	5,700	5,800	5,700	5,650	5,500
Federal	500	500	500	500	550	600	600	600	650	600	550	550	550
State	1,400	1,500	1,550	1,600	1,550	1,600	1,600	1,650	1,850	1,850	1,800	1,750	1,650
Local	3,300	3,350	3,400	3,450	3,500	3,350	3,000	3,100	3,200	3,350	3,350	3,350	3,300

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 14

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast Region 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	16,650	17,250	17,600	18,350	20,200	21,000	23,000	22,050	19,200	18,700	17,700	17,450	19,100
Mining	700	650	650	700	800	800	750	850	900	800	800	800	750
Construction	850	850	850	850	1,000	1,100	1,100	1,100	1,050	1,000	800	700	950
Manufacturing	1,950	2,350	2,650	3,100	3,950	4,250	6,650	5,300	2,800	2,750	2,300	2,150	3,350
Seafood Processing	1,350	1,750	2,050	2,500	3,350	3,650	6,050	4,700	2,200	2,150	1,700	1,550	2,750
All Other Manufacturing	600	600	600	600	600	600	600	600	600	600	600	600	600
Transportation	1,200	1,250	1,250	1,250	1,300	1,400	1,400	1,450	1,400	1,350	1,350	1,300	1,350
Trade	3,150	3,100	3,150	3,350	3,800	4,000	4,100	4,100	3,700	3,500	3,400	3,350	3,550
Wholesale	400	400	450	500	550	650	650	650	500	450	450	400	500
Retail	2,750	2,700	2,700	2,850	3,250	3,350	3,450	3,450	3,200	3,050	2,950	2,950	3,050
Finance, Ins. & Real Estate	600	600	600	550	550	600	550	550	550	550	550	600	550
Services	2,950	3,000	3,000	3,100	3,350	3,550	3,550	3,650	3,450	3,250	3,150	3,200	3,250
Government*	5,250	5,450	5,450	5,450	5,450	5,300	4,900	5,050	5,350	5,500	5,350	5,350	5,300
Federal	500	500	500	500	550	600	600	600	600	550	500	550	550
State	1,400	1,500	1,500	1,550	1,450	1,450	1,450	1,450	1,600	1,600	1,500	1,500	1,500
Local	3,350	3,450	3,450	3,400	3,450	3,250	2,850	3,000	3,150	3,350	3,350	3,300	3,300

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 15

Nonagricultural Wage and Salary Employment
By Place of Work
Southwest Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	11,200	12,050	12,250	12,550	13,100	14,200	16,050	14,650	13,800	12,950	12,050	11,700	13,050
Seafood Processing	1,700	2,150	2,300	2,200	2,650	3,850	5,750	4,200	2,800	2,100	1,650	1,500	2,750
All Other Private	3,850	3,900	3,950	4,200	4,450	4,800	4,900	5,000	4,750	4,500	4,150	4,050	4,400
Government*	5,650	6,000	6,000	6,150	6,000	5,550	5,400	5,450	6,250	6,350	6,250	6,150	5,950
Federal	1,200	1,300	1,250	1,250	1,250	1,300	1,350	1,300	1,300	1,300	1,300	1,300	1,300
State	400	450	450	500	450	450	550	550	550	550	550	550	500
Local	4,050	4,250	4,300	4,400	4,300	3,800	3,500	3,600	4,400	4,500	4,400	4,300	4,150

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 16

Nonagricultural Wage and Salary Employment
By Place of Work
Southwest Region 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	10,250	10,500	10,750	11,400	12,350	12,850	14,100	13,550	12,750	12,150	11,400	11,350	11,950
Seafood Processing	1,400	1,550	1,600	1,950	2,400	2,900	4,200	3,450	2,300	1,750	1,400	1,400	2,200
All Other Private	3,450	3,450	3,700	3,900	4,250	4,650	4,800	4,850	4,600	4,300	4,050	4,100	4,200
Government*	5,400	5,500	5,450	5,550	5,700	5,300	5,100	5,250	5,850	6,100	5,950	5,850	5,600
Federal	1,050	1,050	1,050	1,100	1,150	1,200	1,250	1,250	1,250	1,200	1,200	1,200	1,150
State	400	450	450	450	450	450	450	500	450	450	450	450	450
Local	3,950	4,000	3,950	4,000	4,100	3,650	3,400	3,500	4,150	4,450	4,300	4,200	3,950

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 17

Nonagricultural Wage and Salary Employment
By Place of Work
Northern Region 1988

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	12,050	12,450	12,650	12,850	13,000	13,850	13,500	13,700	13,950	13,600	13,350	12,900	13,150
Mining	3,900	4,200	4,500	4,900	4,900	5,600	5,200	5,250	5,050	4,950	4,900	4,750	4,850
All Other Private	3,750	3,800	3,650	3,700	3,750	3,900	4,200	4,250	4,150	4,100	3,900	3,750	3,900
Government*	4,400	4,450	4,500	4,250	4,350	4,350	4,100	4,200	4,750	4,550	4,550	4,400	4,400
Federal	350	350	350	350	350	400	400	400	400	350	350	350	350
State	300	350	350	350	350	300	300	300	350	350	350	350	350
Local	3,750	3,750	3,800	3,550	3,650	3,650	3,400	3,500	4,000	3,850	3,850	3,700	3,700

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 18

Nonagricultural Wage and Salary Employment
By Place of Work
Northern Region 1987

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Nonag. Wage & Salary	12,500	12,600	12,500	12,500	12,600	13,000	13,450	13,900	13,950	13,350	12,900	12,500	13,000
Mining	3,950	3,950	3,900	4,100	4,150	4,600	5,000	5,250	5,200	4,900	4,600	4,350	4,500
All Other Private	4,550	4,400	4,350	4,250	4,200	4,300	4,550	4,750	4,350	4,050	4,000	3,900	4,300
Government*	4,000	4,250	4,250	4,150	4,250	4,100	3,900	3,900	4,400	4,400	4,300	4,250	4,200
Federal	300	350	350	350	350	350	400	400	400	400	350	350	350
State	300	350	350	300	350	350	300	350	350	350	350	300	350
Local	3,400	3,550	3,550	3,500	3,550	3,400	3,200	3,150	3,650	3,650	3,600	3,600	3,500

Annual averages may not add due to rounding.

* Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark: March 1988.

Source: Alaska Department of Labor, Research & Analysis

Table 19

Average Weekly Earnings
1988

Industry	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Mining	$1,160.62	$1,137.63	$1,140.95	$1,215.54	$1,182.06	$1,205.89	$1,192.08	$1,163.94	$1,140.65	$1,094.17	$1,091.39	$1,111.32	$1,154.69
Construction	858.24	902.40	904.04	977.32	988.29	1,020.82	1,056.18	1,055.38	1,087.20	1,033.79	876.63	847.48	985.73
Manufacturing	491.06	477.95	511.80	510.50	497.76	518.46	474.95	522.47	492.67	589.31	604.24	585.43	518.22
Seafood Processing	311.83	301.48	361.30	302.78	295.20	369.90	392.85	412.85	283.72	364.23	422.18	368.84	357.33
Lumber & Paper Prod.	550.10	572.88	647.80	703.50	672.26	688.33	609.87	713.37	756.42	775.56	706.20	703.88	684.34
Trans., Comm. & Utilities	584.97	576.20	558.31	594.46	563.29	578.89	626.73	570.13	577.94	613.26	570.38	555.97	581.01
Trade	361.45	366.49	358.60	377.65	356.43	378.22	395.20	369.35	376.20	380.95	372.90	370.61	372.96
Wholesale	541.33	544.71	515.97	523.71	487.88	543.82	570.35	512.34	529.45	541.94	523.11	519.23	529.42
Retail [1]	299.07	303.85	305.60	327.10	311.62	322.60	333.29	320.09	323.78	327.06	324.05	324.29	318.95
Finance, Ins. & R.E.	$397.86	$404.00	$390.32	$406.39	$400.62	$387.38	$414.64	$394.02	$412.45	$414.75	$398.93	$404.08	$402.61

Average Weekly Hours
1988

Industry	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Mining	47.9	48.7	49.2	50.5	49.5	51.6	50.9	50.3	49.4	49.0	48.1	49.0	49.6
Construction	36.0	37.9	38.8	41.5	41.7	43.0	43.5	43.2	45.0	43.4	37.9	37.4	41.4
Manufacturing	37.6	38.7	42.9	37.1	36.6	43.9	45.8	46.9	38.4	43.3	45.5	42.3	42.2
Seafood Processing	36.6	38.8	46.8	33.2	32.8	45.0	48.5	48.8	34.6	42.7	50.5	44.6	43.0
Lumber & Paper Prod.	36.6	37.2	39.5	41.9	40.4	42.1	37.6	43.0	44.6	46.0	42.8	40.5	41.4
Trans., Comm. & Utilities	37.0	35.9	34.4	36.9	34.9	36.5	39.0	35.7	35.5	37.1	36.1	35.3	36.2
Trade	33.1	33.5	32.6	33.9	32.7	33.8	35.7	33.7	33.5	33.3	33.0	33.6	33.6
Wholesale	39.6	40.2	37.8	39.2	37.3	38.9	41.3	37.7	38.2	38.3	38.1	37.9	38.7
Retail [1]	30.8	31.1	30.9	32.1	31.1	32.1	33.7	32.3	31.9	31.6	31.4	32.3	31.8
Finance, Ins. & R.E.	34.9	35.1	34.0	35.9	34.3	34.1	35.5	33.0	34.2	35.0	33.3	34.1	34.5

Average Hourly Earnings
1988

Industry	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
Mining	$24.23	$23.36	$23.19	$24.07	$23.88	$23.37	$23.42	$23.14	$23.09	$22.33	$22.69	$22.68	$23.28
Construction	23.84	23.81	23.30	23.55	23.70	23.74	24.28	24.43	24.16	23.82	23.13	22.66	23.81
Manufacturing	13.06	12.35	11.93	13.76	13.60	11.81	10.37	11.14	12.83	13.61	13.28	13.84	12.28
Seafood Processing	8.52	7.77	7.72	9.12	9.00	8.22	8.10	8.46	8.20	8.53	8.36	8.27	8.31
Lumber & Paper Prod.	15.03	15.40	16.40	16.79	16.64	16.35	16.22	16.59	16.96	16.86	16.50	17.36	16.53
Trans., Comm. & Utilities	15.81	16.05	16.23	16.11	16.14	15.86	16.07	15.97	16.28	16.53	15.80	15.75	16.05
Trade	10.92	10.94	11.00	11.14	10.90	11.19	11.07	10.96	11.23	11.44	11.30	11.03	11.10
Wholesale	13.67	13.55	13.65	13.36	13.08	13.98	13.81	13.59	13.86	14.15	13.73	13.70	13.68
Retail [1]	9.71	9.77	9.89	10.19	10.02	10.05	9.89	9.91	10.15	10.35	10.32	10.04	10.03
Finance, Ins. & R.E.	$11.40	$11.51	$11.48	$11.32	$11.68	$11.36	$11.68	$11.94	$12.06	$11.85	$11.98	$11.85	$11.67

Benchmark: March 1988

Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[1] Data does not include eating and drinking establishments.

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis

Table 20

Annual Average Labor Force By Region and Census Area 1986-1988

	Labor Force			Unemployment			Rate			Employment		
	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988
Alaska Statewide	257,000	248,000	242,000	28,000	27,000	23,000	10.9	10.9	9.5	229,000	221,000	219,000
Anch.-MatSu Region	137,747	130,922	125,838	13,116	12,708	10,799	9.5	9.7	8.6	124,631	118,214	115,039
Anchorage Borough	121,502	115,458	111,487	10,150	9,833	8,449	8.4	8.5	7.6	111,352	105,625	103,038
MatSu Borough	16,245	15,464	14,350	2,966	2,875	2,350	18.3	18.6	16.4	13,279	12,589	12,000
Gulf Coast Region	27,616	26,439	26,193	3,958	3,668	3,174	14.3	13.9	12.1	23,658	22,771	23,019
Kenai Peninsula Borough	17,814	16,845	16,556	3,038	2,847	2,405	17.1	16.9	14.5	14,776	13,998	14,151
Kodiak Island Borough	5,914	5,609	5,650	467	359	343	7.9	6.4	6.1	5,447	5,250	5,307
Valdez-Cordova	3,887	3,986	3,988	452	463	426	11.6	11.6	10.7	3,435	3,523	3,562
Interior Region	38,449	37,241	35,640	5,585	5,442	4,573	14.5	14.6	12.8	32,864	31,799	31,067
Fairbanks North Star Borough	33,123	32,022	30,652	4,728	4,484	3,748	14.3	14.0	12.2	28,395	27,538	26,904
Southeast Fairbanks	2,262	2,141	2,056	345	349	306	15.3	16.3	14.9	1,917	1,792	1,750
Yukon-Koyukuk	3,064	3,079	2,931	512	610	519	16.7	19.8	17.7	2,552	2,469	2,412
Northern Region	8,331	8,128	8,061	948	898	787	11.4	11.0	9.8	7,383	7,230	7,274
Nome	3,245	3,093	3,064	436	397	352	13.4	12.8	11.5	2,809	2,696	2,712
North Slope Borough	2,891	2,861	2,865	173	163	151	6.0	5.7	5.3	2,718	2,698	2,714
Northwest Arctic Borough	2,194	2,176	2,133	338	339	285	15.4	15.6	13.4	1,856	1,837	1,848
Southeast Region	33,623	33,794	34,245	3,443	3,266	2,769	10.2	9.7	8.1	30,180	30,528	31,476
Haines Borough	881	863	862	120	115	91	13.6	13.3	10.6	761	748	771
Juneau Borough	14,716	15,017	15,273	1,260	1,068	890	8.6	7.1	5.8	13,456	13,949	14,383
Ketchikan Gateway Borough	6,679	6,225	6,311	715	635	547	10.7	10.2	8.7	5,964	5,590	5,764
Pr. of Wales-Outer Ketchikan	2,531	2,652	2,693	368	393	363	14.5	14.8	13.5	2,163	2,259	2,330
Sitka Borough	3,963	3,987	4,042	344	338	279	8.7	8.5	6.9	3,619	3,649	3,763
Skagway-Yakutat-Angoon	1,605	1,640	1,675	269	286	279	16.8	17.4	16.7	1,336	1,354	1,396
Wrangell-Petersburg	3,248	3,410	3,390	367	432	319	11.3	12.7	9.4	2,881	2,978	3,071
Southwest Region	11,235	11,476	12,023	951	1,018	898	8.5	8.9	7.5	10,284	10,458	11,125
Aleutian Islands	3,067	3,109	3,295	106	111	106	3.5	3.6	3.2	2,961	2,998	3,189
Bethel	4,401	4,407	4,584	456	471	397	10.4	10.7	8.7	3,945	3,936	4,187
Bristol Bay Borough	392	433	457	35	45	44	8.9	10.4	9.6	357	388	413
Dillingham	1,999	2,051	2,128	161	182	139	8.1	8.9	6.5	1,838	1,869	1,989
Wade Hampton	1,377	1,476	1,561	194	209	213	14.1	14.2	13.6	1,183	1,267	1,348

P/ = Preliminary R/ = Revised Benchmark 1988

Notes:

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor because Alaska's Current Population Survey sample size is inadequate to accurately indicate monthly changes in level. Sampling errors are random in nature, meaning that the unemployment rates in any given month are as likely to be high as frequently as they are low.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Source: Alaska Department of Labor, Research & Analysis

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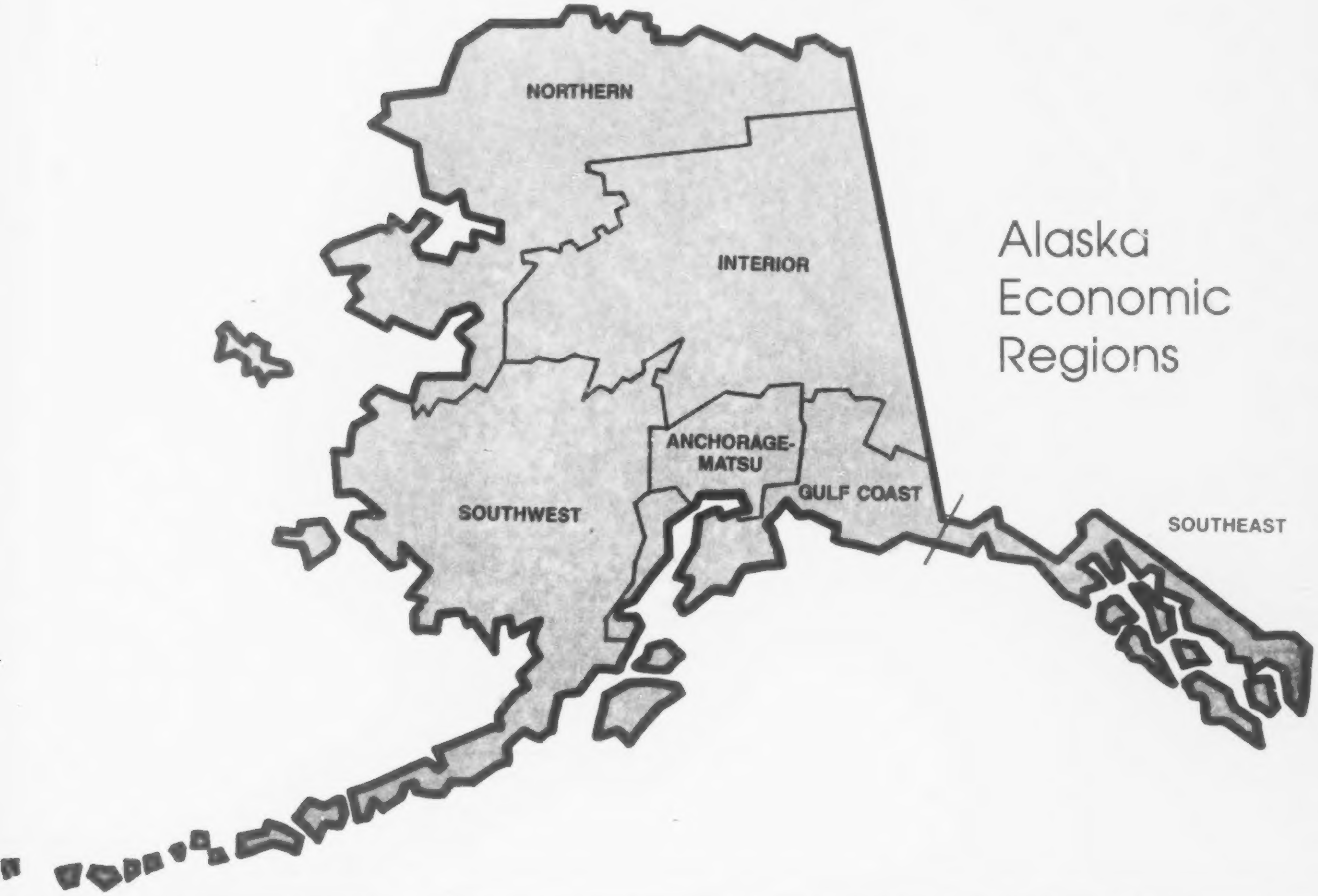
Newly Released DOL Publications

Two annual publications published by the Alaska Department of Labor, *Alaska Career Guide 1989* and *Alaska Wage Rates 1988*, were made available to the public during the month of March.

Alaska Career Guide 1989 is a 68-page tabloid now being distributed statewide to all high school and junior high school students. In its second year of publication, *Career Guide* is expected to reach many thousands of young Alaskans in the process of selecting a career. With a press run of 50,000, *Career Guide* "is full of information about Alaska job prospects through the end of this century," says DOL Comissioner Jim Sampson about the two-color publication. The tabloid describes over 250 different occupations in an easy-to-read format and contains several articles written by educators and economists. In addition to schools, it is also being distributed to all Alaska State Job Service offices, many medical offices, and Alaska Vocational Rehabilitation offices.

Alaska Wage Rates 1988 is a 71-page document in its 13th year of publication. Included in the data-filled document is current wage information on a variety of occupations. The information is often used by employers, job counselors and others who have a general interest in Alaska wages.

Copies of either of these publications are available through the Juneau-based office of the DOL's Research & Analysis Section. *Alaska Career Guide 1989* is $2; *Alaska Wage Rates 1988* is free.



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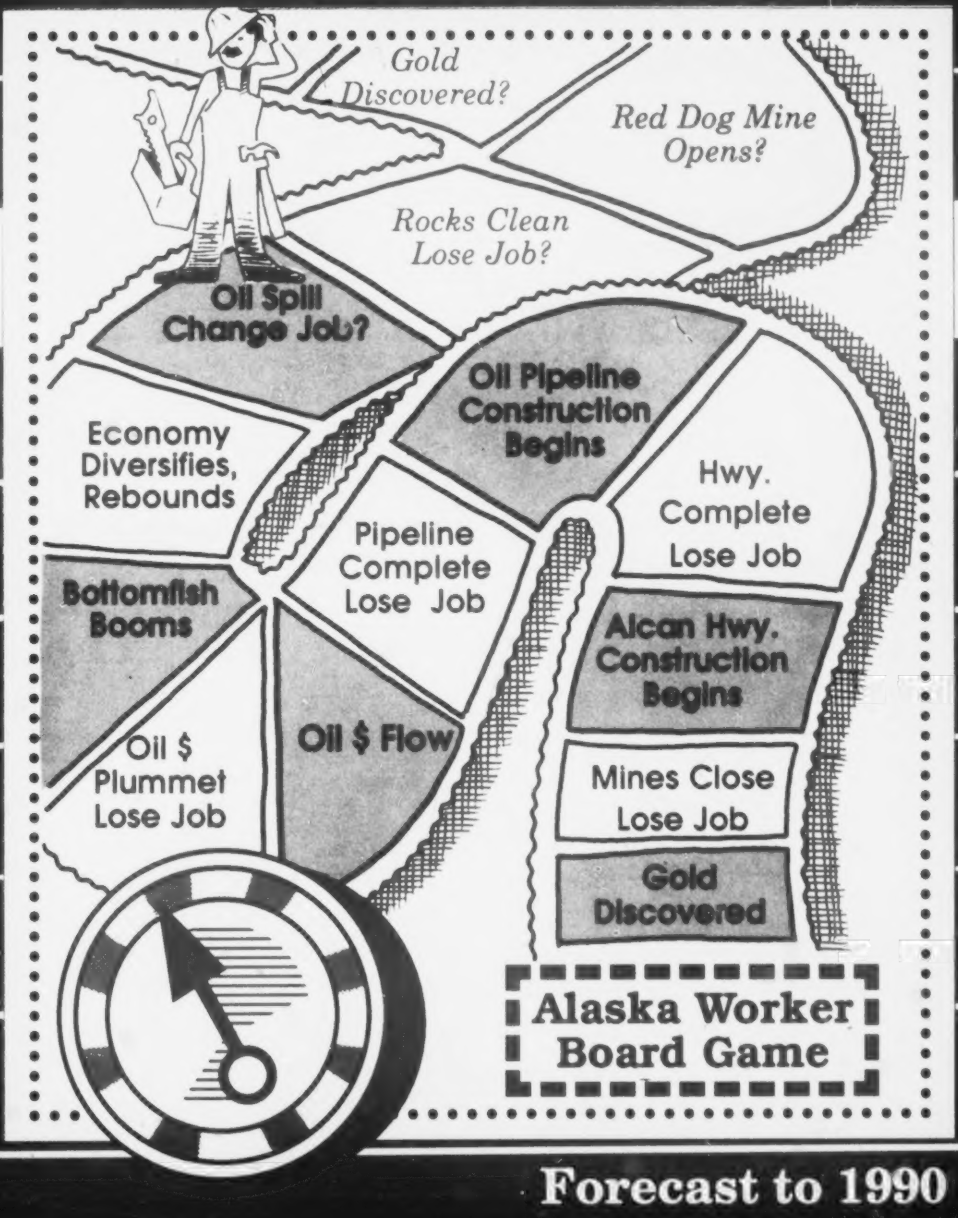
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May 1989

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Anchorage Recovery Coming At A Snail's Pace

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ALASKA ECONOMIC
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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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Cover Design by: Jim Fowler

Alaska Economy Rising from the Ashes

by John Boucher

Like the mythical phoenix arising renewed from ashes of the Arabian desert, Alaska's economy emerged in 1988 from one of the severest recessions in state history.

The recessionary fire which consumed the economy statewide was smothered last year, and like the mythical Egyptian bird, Alaska's economy has been renewed with fresh strength. It is a strength which has come from a trying ordeal.

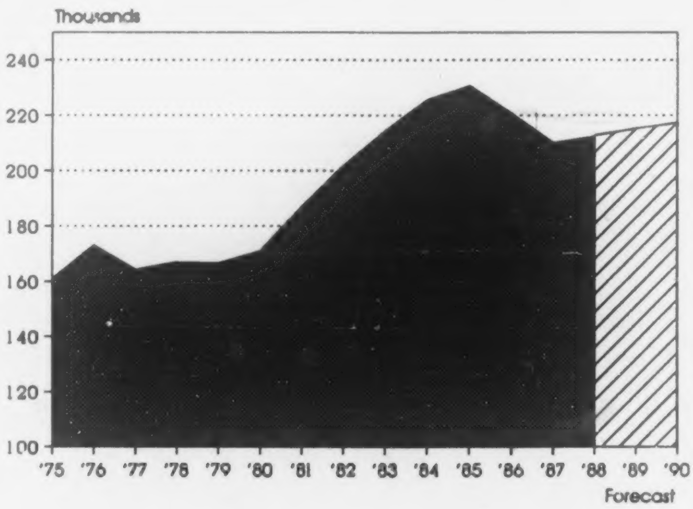
There were winners and losers during the recession. While the surplus of commercial and residential real estate was disastrous for construction companies, investors, and financial institutions, marginally profitable businesses and all home buyers were treated to reduced rent and mortgage payments.

No doubt, the 1986-87 recession has proven a tough pill to swallow. But it has caused Alaska to become more competitive in the global world of trade by lowering the costs of living and business.

Alaska Employment Forecast: 1989-1990

Figure 1

Alaska Annual Average Nonagricultural Wage & Salary Employment 1975 – 1990



Source: Alaska Department of Labor, Research & Analysis

State Now Has 24% More Jobs Than in 1980

While the recession was one of the worst in state history, it followed the typical pattern of prior Alaska boom-bust cycles. Each time Alaska has been struck by recession its economy has emerged larger. The 1986-87 recession was no exception. Alaska now heads into 1989 with 24% more jobs than it had in 1980, and an annual growth rate (averaged over the last 10 years) of nearly 2.5%. (See Figure 1.) This is the backdrop which sets the scene for a two-year, statewide economic forecast.

Crucial Assumptions for the 1989-90 Alaska Economy

All forecasts rely upon assumptions about critical economic behavior patterns predicted to occur during the forecast period. It's crucial to understand that assumptions are the foundation upon which a forecast is built. The four assumptions which

Alaska's economy took major strides during 1988 in bouncing back from the 1986-87 recession. But the rebound didn't magically extricate the state from its significant economic ties to the oil market.

follow represent the best judgment of Alaska Department of Labor economists based on the best information available. Some assumptions are more crucial than others; those which follow are the most crucial. (Other less critical assumptions significant to regional forecasts have been incorporated into this statewide forecast but are not listed here.)

- There will be no dramatic change in revenue available to the State of Alaska for government expenditure. (Implicit in this assumption is a North Slope crude oil price averaging between $14 and $17 per barrel during the next two state fiscal years. Also implicit in this assumption is no lengthy interruption of oil production or transport of the oil. Additionally, it is assumed that there will be no change in the export ban of Alaskan oil.)

- Secondary employment effects related to the Exxon Valdez oil spill will wash each other out during the forecast period. In effect, for every indirect job created due to the clean up effort, one job will be lost due to the ill effects of the spill.

- The dollar will remain at its current level or depreciate further against the Japanese yen.

- The U.S. and Pacific Rim economies, primary markets for Alaska exports, will continue to post healthy growth rates throughout the forecast period.

Forecast for Alaska: Partly Cloudy With a Chance of Showers

Alaska's economy took major strides during 1988 in bouncing back from the 1986-87 recession. But the rebound didn't magically extricate the state from its significant economic ties to the oil market. Timber and seafood exports, mining, tourism, and transportation are all important facets of Alaska's economy. However, one of the single biggest engines driving this state's economy is the revenue that North Slope oil provides the State of Alaska and its local government entities. In the next two years, current job growth could be reversed because so many government jobs are tied to revenue produced by North Slope oil.

Slower Job Growth Predicted for State and Local Governments

The manufacturing and mining industries led Alaska to employment growth in 1988; they did so against a backdrop of stabilizing — and in many instances, growing — state and local government employment. Looking to the immediate future, it's doubtful that current growth trends in state and local government will continue through the next two years. In fact, it's likely that state and local government employment will be trimmed back from current levels.

Critical to this statewide forecast are questions linked to government employment growth: By how much will state and local government employment be trimmed back? Will layoffs in state and local government, coupled with secondary job losses that would occur in the private sector, offset employment growth created by those industries which have placed Alaska back on a path of progress?

This forecast projects that Alaska will continue moving on a growth path during the next two years despite what layoffs and secondary effects may occur due to government spending reductions. The growth rate will be minimal, though, due to the effects of government reductions. (See Table 1.)

Mining and Manufacturing Growth Picture Promising

Leading 1988 employment growth among Alaska industries were manufacturing and mining firms. The employment growth outlook during the next two years for these two industries continues to be promising.

Nearly 90% of all mining employment in Alaska is related to the oil and gas industry. Recent oil price jumps from the lows of 1986 stirred a 1988 resurgence in exploration and development activity. Continued growth should occur during the next two years. As the Prudhoe Bay field ages, it will gradually become more labor intensive. More wells will be needed to keep production at peak levels. Reported industry plans for 1990 call for the construction of a gas handling facility. This, too, will add to employment levels.

In addition to oil and gas growth, the hard rock mining boom should continue into the '90s. Early 1989 marked the beginning of production at the Greens Creek Mine on Admiralty Island near Juneau. And by the end of this year the Red Dog mine near Kotzebue should be in operation. This will add nearly 200 new employees to mining employment levels. This sudden jump will increase by nearly 25% that portion of mining employment not connected to the oil and gas industry.

Other significant projects affecting future mining employment growth are: the Wishbone Hill coal project in the MatSu Borough, the Kensington mine located north of Juneau, the possible re-opening of the Alaska-Juneau gold mine in Juneau, and the Jualin mine. Each of these projects has its own timetable. Most, though, will contribute primarily developmental employment during the next two years. It can be safely said that several of these projects will contribute significantly to employment gains early in the next decade.

Timber Industry Moves North; Bottomfish Boom Continues

During the past two years the manufacturing industry provided more new job opportunities than any other industry. Credited to the turnaround are a resurging Southeast timber industry and a burgeoning bottomfish industry stretching from the Southwest to the Kenai Peninsula. These two

As the Prudhoe Bay field ages, it will gradually become more labor intensive.

Table 1

Alaska Nonagricultural Wage & Salary Employment Forecast 1989-1990

	1987 Annual Average	1988 Annual Average	Pct. Change 1987-1988	1989 Annual Average	Pct. Change 1988-1989	1990 Annual Average	Pct. Change 1989-1990
Total Nonag. Wage & Salary	210,025	212,250	1.1%	215,300	1.4%	216,800	0.7%
Mining	8,800	9,500	8.1	10,100	6.3	10,600	5.0
Construction	10,075	8,675	-13.9	8,000	-7.8	7,700	-3.8
Manufacturing	12,900	14,775	14.5	15,300	3.6	15,700	2.6
Seafood Processing	6,675	7,825	17.2	8,000	2.2	8,100	1.3
Lumber & Paper Products	3,050	3,600	18.0	3,800	5.6	4,000	5.2
All Other Manufacturing	3,175	3,350	5.5	3,500	4.5	3,600	2.9
Trans., Communications & Utilities	17,550	17,175	-2.1	18,375	7.0	17,325	-5.7
Trade	41,150	41,900	1.8	42,425	1.3	42,975	1.3
Wholesale	7,400	7,475	1.0	7,500	0.3	7,550	0.7
Retail	33,750	34,425	2.0	34,925	1.5	35,425	1.4
General Merchandise & Apparel	4,900	4,950	1.0	5,000	1.0	5,050	1.0
Food Stores	5,850	6,025	3.0	6,125	1.7	6,175	0.8
Eating & Drinking Places	12,450	12,725	2.2	12,950	1.8	13,100	1.7
Other Retail Trade	10,550	10,725	1.7	10,850	1.7	11,100	2.3
Finance, Insurance & Real Estate	11,325	10,700	-5.5	10,400	-2.8	10,300	-1.0
Services	42,450	42,925	1.1	43,500	1.3	44,200	1.6
Government	65,775	66,600	1.3	67,200	0.9	67,300	0.2
Federal	17,875	17,975	0.6	18,500	2.9	19,100	3.2
State	18,725	19,350	3.3	19,400	0.3	19,000	-2.1
Local	29,175	29,275	0.3	29,300	0.1	29,200	-0.3

Source: Alaska Department of Labor, Research & Analysis

industries will continue to grow, but at a slower rate.

Logging employment is expected to slow as native corporations exhaust their timber resources.

Growth in timber industry employment will slow because Southeast firms have nearly reached an employment peak. The Southeast's processing facilities worked at or near capacity in 1988. Further, logging employment is expected to slow as native corporations exhaust their timber resources. Significant new employment growth in this industry will either come from other regions of the state or from new investment in Southeast processing plants. Industry expansion into the Southcentral and Interior regions is taking place with timber industry activity gearing up in the Gulf Coast and MatSu areas. Nevertheless, it's expected that the industry will curb its torrid growth rates set in the past two years.

Although for different reasons, Alaska's bottomfish industry is also rapidly approaching peak employment levels. Future growth in the bottomfish industry is becoming more dependant upon the ability of the resource to support growth, rather than the capitalization problem that prohibited growth a few years ago.

There is tremendous potential for continued bottomfish industry growth should more of the current industry activity be captured. It's pertinent to remember that most bottomfish industry activity is based offshore, outside the state's three-mile jurisdiction. As a result, current Alaska Department of Labor statistics do not — and possibly never will — capture the bottomfisheries' total impact on Alaska. If more bottomfish activity became shore-based, or if more of the offshore processors were to become subject to Alaska unemployment insurance laws, growth statistics in this industry would be phenomenal. The growth rate projected for the seafood processing industry doesn't anticipate such a change. Yet it's predicted that that portion of the bottomfishery captured by government statistics will register gains in the next two years.

That portion of manufacturing employment unrelated to timber and fish is dominated by newspapers, and printing and publishing firms. This portion of the industry will see some growth, but not as vigorous as the timber and fishing portions of the manufacturing sector.

Construction and Finance Sectors Will Continue Downward Spiral

The construction and finance industries posted heavy employment losses in 1988. They are expected to sustain more employment losses during the next two years. About the best news that can be offered for these two industries is that the projected losses are expected to be smaller than those of recent years.

Typically, 6% of all wage and salary jobs in the state have been linked to the construction industry. During past construction booms, that figure has grown to 8-to-9 percent of all jobs. In 1988, the construction industry's share of total employment fell to nearly 4%, the lowest percentage since pre-statehood days. The 1989-90 question for this industry is not whether construction employment will grow, but whether it will stop losing employment.

For at least the next two years, the outlook for the construction industry is for continued contraction. The only good news for the industry is that the rate of job losses will be slower than that of the past four years. Some projects will help buoy the industry: the Bradley Lake hydroelectric dam, continuing construction at the Red Dog mine site, North Slope development, and the backscatter radar construction project. Yet there still will remain drags on the total construction employment numbers throughout the rest of this year. These drags will be caused by dropoffs in military-related construction and continued malaise in the commercial and residential construction market. Any rosier outlook for 1990 is dependant upon stabilized real estate markets in Alaska's two largest cities.

More Trouble Ahead for Banks

Alaska's financial sector — its banks, credit unions, and savings and loan institutions — were rocked by the recession. Unfortunately, not all of the financial establishments have returned to health. Alliance Bank, an institution which emerged at the end of 1987 from a consolidation of three struggling banks, is the industry's latest casualty.

While the worst is probably over for the financial sector, continued employment losses are expected this year. In 1990, these losses should level off as the predicted contraction runs its course.

Other portions of the finance, insurance and real estate sector are healthier than the financial industry and should contribute some employment growth. In particular, the outlook for many of Alaska's native corporations is good. Most native corporations turned a profit in 1988, and the corporation's traditional ties to the fisheries and the timber industries make it likely that they will be a positive influence on employment during the next two years.

Transportation Industry Will Gain from the Oil Spill

The transportation, communications and utilities sector covers a broad range of industries. This causes the outlook for the sector to be mixed. The air transportation industry will benefit from increased economic activity occurring in the northern, southwest, and southeast regions of the state. Additionally, Anchorage is gradually gearing up for what could be a boom in the air cargo handling business, what with Federal Express' expansion plans and its recent acquisition of Flying Tigers.

The biggest mover in the transportation industry will be with waterborne businesses. Showing up in this industry will be the majority of workers recently deployed to clean up the oil spill caused by the grounding of the Exxon Valdez. As of this writing, plans call for the oil spill work force to reach a peak of nearly 4,000 during the summer of 1989. Although these numbers will dwindle rapidly as winter approaches, it is likely that some employment will continue into 1990.

Tourism related transportation employment will remain stable during the next two years as the industry goes through some restructuring. In the Southeast, the transportation sector will sustain a drop in the number of cruise ship visits; at the same time however, many cruise lines are adding Southcentral destinations. Currently, it appears likely that changes in the tourism industry will cause transportation employment growth to shift from the Southeast to other regions of the state. This presumes, however, that the recent Exxon Valdez oil spill won't cause drastic changes in Alaska tourists' vacation itineraries.

Little or no change is expected for other sectors of the transportation industry. Statewide population losses subsided during 1988, so the pressure on population-driven utilities — such as telephone and electric companies — to meet new, lower levels of service have also subsided. The possible sale by the Municipality of Anchorage of its phone utility to private interests would dramatically affect the communications sector. This forecast presumes that if this sale were to occur, the employment shifts caused by the sale would develop outside of the forecast's two-year horizon.

> Unfortunately, not all of the financial establishments have returned to health.

Slow, Cautious Growth Ahead for the Secondary Trade and Service Sectors

Employment in the services and trade sectors is driven predominantly by the availability of people's disposable income. When there is a large amount of disposable income, purchases of discretionary goods and services rise. This, in turn, creates employment in these sectors' industries. Also serving as a barometer for the health of the service and trade sectors are consumers' economic expectations; expectations must be conducive to spending. People must believe that spending is a prudent course of action. Otherwise, they will tend to save more than they would normally.

During 1988 it was apparent that Alaskans' economic expectations improved. Big ticket items, such as automobiles and durable goods, began selling. This movement was made evident by employment gains seen in these retail trade industries.

However, the return of growth in 1988 to various retail and services industries should not be considered a harbinger of future substantial employment growth for services and trade sectors' industries.

It's probable that the state's and local governments' current employment levels will be reduced during the next two years.

Slow Growth Predicted in Alaskans' Incomes

During the next two years there will be slow growth in Alaskans' income. Because it is expected that few sectors' wages will be bid upwards to compete for workers, it is unlikely that Alaska workers' incomes from wages and salaries will rise appreciably. The relatively slow growth projected for Alaskans' income translates into slow employment growth in the secondary sectors of trade and services. Further, to the extent that any amount of inflation erodes income growth, the growth in these two sectors would be additionally restrained.

State & Local Government Employment: Up This Year, Down in 1990

Despite uncertainties in the state's budget at this writing, the outlook for employment in state and local government is for slight growth in 1989, followed by declines in 1990. Part of this session's legislative agenda, it appears, is to pare state spending. Paring spending could have varied results, one of which would be cutbacks in state and local government employment.

Due to the probable delay as to when any government employment cuts would go into effect (remembering that July is the start of the state's fiscal year), overall growth can occur from the start of Calendar Year (CY) 1989 to the end of CY 1990 even though layoffs are enacted in the second half of CY'89. Suffice it to say that despite the forecasted growth projections for 1989, it's probable that the state's and local governments' current employment levels will be reduced during the next two years.

Federal Government Employment to Benefit from 1990 Census

Federal government employment is not normally prone to shifts from year to year. The year 1989 is expected to be normal; however, 1990 will prove to be an exception to the rule. At least 600 people will be temporarily added to the federal payroll to implement the 1990 census project. Additionally, the Alaska National Guard is expected to receive more staff over the next two years. Aside from these two developments, federal government employment is expected to remain stable.

Conclusion: Slow Growth Over Next Two Years

The Alaska employment forecast for the next two years calls for slow growth. This forecast is based on predicted continued growth in manufacturing and mining industries and slight growth or stability in transportation, trade, and services industries. The construction and financial sectors will continue to struggle. This varied industry activity will occur against a backdrop of relatively stable — although somewhat declining — government employment.

This two-year forecast is predicated on the assumption that there won't be any dramatic shock startling the statewide economy. The magnitude of industry employment changes will be ordinary unless some kind of shock occurs. While it's difficult to predict what, if any, economic shock might be forthcoming, it is useful to glance at what elements have recently affected the Alaska economy.

The past decade has been dominated by events occurring in the oil industry and by the associated Prudhoe Bay revenues paid Alaska's governments and citizens. It would seem almost foolhardy to look anywhere else for another event that might impact employment in a comparable way.

With that in mind, the Alaska employment picture over the next two years is likely to be marked by slow growth.

About the Author:

John Boucher is a labor economist employed six years with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

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Recovery Coming At A Snail's Pace

ANCHORAGE Employment Forecast: 1989-1990

by Neal Fried

If the forecast for 1989 and 1990 is on target, Anchorage's economy will finally enjoy some growth after three years of decline.

This forecast predicts that employment will move forward this year and the next, albeit slowly — employment will grow less than one percent in both years. (See Table 1, page 10.)

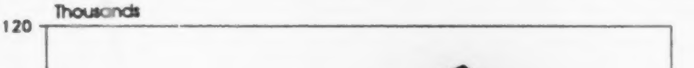
This would be the slowest recovery in Anchorage's history, but a recovery nonetheless. Considering Anchorage's historic growth rates, some might rightfully characterize this projected recovery as little better than stagnation. Nevertheless, this microscopic rate of growth does represent a vast improvement over the loss of 13,900 jobs from 1986 to 1988. (See Figure 1.)

Forecast Assumptions:

- The price of North Slope crude oil will between $14 and $17 a barrel in 1989 and 1990.
- The state's operating budget will decline $150 million from the FY '89 level.
- The Anchorage Telephone Utility (ATU) will not be sold during the forecast period.
- The Municipality of Anchorage will not create additional revenue sources, such as a sales tax.

Figure 1

Anchorage Annual Average Nonagricultural Wage & Salary Employment 1975 – 1990



Source: Alaska Department of Labor, Research & Analysis

The Alaska State budget shortfall is preventing a 'no holds barred' recovery in Anchorage. Because it's assumed that the state's budget will decline 6% to 7% in both years, the losses in local and state government will offset some growth in other industries. Timber, fishing and hard rock mining ventures are injecting oxygen into the blood of the statewide economy. The trouble is, though, Anchorage presently benefits little from any of these industries. Given the fragility of Anchorage's recovery, larger cuts in the state's budget could derail it.

Oil Industry Employment Will Grow About 16% in Next Two Years

Oil, the dominant player in the mining industry, has made a come back, and its employment is forecast to grow for the next two years. Oil industry employment started strong in late 1988; its employment will grow 8.8% in 1989 and only slightly less in 1990. The two major North Slope producers plan to spend more during the next two years on production and exploration. The reopening of Milne Point, coupled with development work at Prudhoe Bay, Kuparuk, and other fields, should keep the industries' employment numbers growing. One of the largest development projects will be a new gas handling facility scheduled for a sealift to Prudhoe Bay in 1990. At its peak, this project will employ 1,750 workers in Prudhoe Bay. This is all good news for Anchorage, Alaska's mining industry headquarters.

Although a tiny industry in Anchorage, hard rock mining activity will augment the mining industry's growth. In absolute numbers its contribution will be small. But spinoffs — from the Red Dog mine in Norton Sound, Southcentral mining operations, and exploration work elsewhere — will keep its employment numbers growing.

New Life Breathed into Transportation Industries

Transportation, an industry that followed most other industries into decline during the past three years, may finally push ahead during the next two. Both air and water transportation statistics are finally exhibiting new life as the local population stabilizes, the economy recovers, and international cargo traffic climbs.

The big surprise in the transportation industry was the recent announcement by Federal Express about the construction of a new international air package sorting hub in Anchorage. By October 1989 when the sorting facility opens, company officials say they plan to hire 50 new employees; some observers predict the numbers could reach as many as 300 by 1990. In addition, now that Federal Express is acquiring Flying Tigers, some believe the combination of these two carriers could eventually push employment to the 1,000 mark. Optimists believe this may be the first step toward making Anchorage a major international cargo sorting hub.

There is also a downside to the air transportation story. The Soviet Union's new glasnost, coupled with new long range passenger jets, means there will be fewer international passenger jets touching down in Anchorage. Glasnost will also enable more jets bound for Europe and Asia to fly via Siberia instead of Anchorage. Japan Airlines and Lufthansa officials have already announced their intentions of cutting back their Anchorage operations. It's as yet unknown how many other international passenger airlines will follow suit. But additional losses are almost inevitable during the next decade as airlines acquire the new long range jets.

The Soviet Union's new glasnost, coupled with new long range passenger jets, means there will be fewer international passenger jets touching down in Anchorage.

Personal Income Growing, Population Stabilizing

Anchorage's two largest secondary industries, trade and services, are exhibiting strong growth and are projected to continue to push ahead. Retail trade and services are both driven by population and income. Personal income is finally beginning to grow again, and it appears the city's population is stabilizing. Continued release of pent-up demand, caused by the recent years of consumer frugality, will also help to inject new life into these industries during the next two years.

On Tourism: Hotels Booked, But Oil Spill Casts Doubt

Before the Exxon Valdez oil spill, the 1989 tourism season was shaping up nicely, despite abundant notoriety gained during the past several months as a result of nationwide publicity about the cold snap and trapped whales.

The oil spill has removed some of the sheen from a previously optimistic outlook for tourism.

The tour package companies and hotels have reported healthy bookings for this season. A number of Anchorage hotels have already turned away summer business. Factors keeping visitors coming to Alaska include a weak dollar, an uncannily strong national economy, and various visitor promotions.

The oil spill has removed some of the sheen from this optimistic outlook for Anchorage. There have been cancellations of small Prince William Sound charter operations. At the same time, however, Anchorage tourism businesses haven't reported any large cancellations. It's too early to tell what impact the spill might have on Anchorage's tourism industry. The spill does, though, cast a shadow of uncertainty on the industry's future health.

Federal Employment Levels Will Remain Stable

The federal government's overall employment levels should not change much. Consolidation of the Light Infantry Division in Fairbanks may eventually mean that 200 to 300 uniformed military positions will be transferred from Fort Richardson in Anchorage to Fort Wainwright in Fairbanks. But, according to military sources, no changes will occur in Anchorage's civilian military personnel levels. It is expected, however, that federal civilian employment will grow as Air and Army National Guard expansion plans are implemented. In addition, the 1990 census will gear up in 1990, boosting federal employment by another 50.

Table 1

Anchorage Nonagricultural Wage & Salary Employment Forecast 1989-1990

	1987 Annual Average	1988 Annual Average	Pct. Change 1987-1988	1989 Annual Average	Pct. Change 1988-1989	1990 Annual Average	Pct. Change 1989-1990
Total Nonag. Wage & Salary	101,200	100,600	-0.6%	101,400	0.8%	102,050	0.6%
Mining	3,100	3,400	9.7	3,700	8.8	3,900	5.4
Construction	5,300	4,200	-20.8	3,800	-9.5	3,800	0.0
Manufacturing	2,300	2,500	8.7	2,600	4.0	2,650	1.9
Trans., Communciations & Utilities	9,400	9,200	-2.1	9,200	0.0	9,300	1.1
Trade	23,400	24,100	3.0	24,700	2.5	25,300	2.4
Wholesale	5,600	5,600	0.0	5,700	1.8	5,800	1.8
Retail	17,800	18,500	3.9	19,000	2.7	19,500	2.6
Finance, Insurance & Real Estate	7,600	7,200	-5.3	6,900	-4.2	6,900	0.0
Services	24,100	24,400	1.2	24,900	2.0	25,300	1.6
Government	25,900	25,600	-1.2	25,600	0.0	24,900	-2.7
Federal	10,300	10,300	0.0	10,300	0.0	10,400	1.0
State	6,700	6,900	3.0	7,000	1.4	6,500	-7.1
Local	8,900	8,500	-4.5	8,300	-2.4	7,950	-4.2

Source: Alaska Department of Labor, Research & Analysis

State Government To Decline in 1990

Although state government employment has exhibited relatively strong growth over the past six months, this trend is not likely to last much longer. Declines are not predicted for 1989 because of the growth that occurred in the first half of the year. However, it is believed that revenue shortfalls will cause state employment numbers to fall in 1990. What form these declines will take is difficult to predict. State employment will decline, whether it be through attrition, early retirement, layoff notices, or any combination of the three.

Municipality of Anchorage Will Remain Strapped Financially

Little relief is foreseen for local government, particularly for the Municipality of Anchorage. The city reduced its budget once again in 1989. The year 1990 doesn't look much brighter. Property values are unlikely to rebound in the near future, and with the state desperately seeking revenues, a reduction in local government assistance is a likely scenario. The city will remain strapped for revenues during this forecast's horizon.

Construction Will Lose More Ground

Construction employment will lose more ground in 1989, and will finally reach bottom in 1990. An overabundance of commercial property and lack of public funds will cause additional down-sizing in the public and commercial construction sectors. This is not to say there will be no activity in these sectors. Some of the more visible projects include the expansion of the Alyeska Resort, construction of the Eagle River-Highland bridge, reconstruction of Raspberry Road and Minnesota Drive, and completion of the Rabbit Creek/DeArmond interchange. These projects, though, simply do not represent enough activity to prevent additional small declines.

Residential construction is the only sector of the industry that will exhibit any sign of new life. From a low base of 220 single family building permits issued in 1988 (compared to 3,468 permits in 1983), the number of new single family home starts could grow to 250 or 300 in 1989. A majority of these homes will be custom built. There will be little or no construction of 'spec houses', and multifamily residential construction will remain dead.

Fewer Financial Industries on Critical List

Anchorage's financial industries will still try to pull themselves out of fiscal mire in 1989. Eleven Anchorage-based financial institutions have either closed or reorganized since 1986. This is especially significant when one considers that the last time any financial institution had to close its doors in Alaska was during the great depression. The good news may be that not many additional institutions are on the critical list. By 1990, most of the restructuring in the financial industry should be complete.

Anchorage's Job Market Looks Better Than its Economy

Although only slow employment growth is forecast, the job market will be more lively. All indicators are looking good. Column inches of newspaper want ads have grown by 33%. The number of job openings is climbing at the Anchorage Job Service Office. Some employers are complaining about a lack of applicants. Many graduates of University of Alaska-Anchorage career and vocational programs are being heavily recruited. However, job opportunities in the construction industry and the public sector will remain scarce.

Little relief is foreseen for the Municipality of Anchorage.

Probably the biggest plus for the local job market is that there are no immediate prospects for a large influx of job searchers from the Lower '48. National unemployment rates keep falling to new lows. The robust national job market means that fewer job searchers from the lower 48 states will pursue their fortunes in Alaska. But if the economists are finally right about a recession gripping the nation sometime in 1990, a more competitive job market will develop in Anchorage.

The Sights Are Set Low

The sights for Anchorage's economy have not been set very high for 1989 and 1990. Any amount of growth will represent a welcome change from the recent past. However, the present state's oil revenue shortfall casts a long shadow. Although the Anchorage economy is not one that characteristically muddles along, that may be just what's in store for it for the next two years.

About the Author:

Neal Fried is a labor economist employed 10 years for the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Anchorage

FAIRBANKS Employment Forecast: 1989-1990

Economy Heads Upwards (At Last)

by Holly Stinson

After losing jobs for three years, the Fairbanks economy is expected to grow slightly in 1989. (See Table 1.) The growth will continue into 1990, but is projected to continue at a somewhat slower rate.

Fairbanks employment grew almost 40% from 1980 to 1985 when 8,000 new jobs were created. Then, in the recession of 1986-88, almost half of these jobs were lost. (See Figure 1.) Although the rate of job loss slowed in 1988, there were still 150 fewer jobs that year than in 1987.

Fairbanks Predicted to Gain 325 Jobs in 1989

Instead of losing this year, the Fairbanks economy should gain a few jobs in 1989. The 1989 growth projected for Fairbanks is small, a net gain of 325 jobs. But at least the economy is headed in the right direction.

Although Fairbanks' total employment growth began in October 1988, not all industries saw any glimpse of a turnaround then. And still today, there are some industries which have not yet seen increased employment. Some industries remain stagnant; worse, others are still declining. Construction employment continues — and will continue — to fall. The already weakened finance, insurance and real estate industries will do well to remain at 1988 employment levels for the next two years. Those industries that actually see growth in the next two years will see it at a very small rate.

Three Assumptions Critical To This Forecast:

The following three assumptions provide the foundation upon which this article's forecast is built. This Fairbanks employment forecast pertains to the two-year period 1989-90. A change in any one of the three assumptions could alter the economic outlook considerably.

- The price of North Slope crude oil in 1989 and '90 will come in between $14 and $17 a barrel.
- The state operating budget will decline $150 million from the FY '89 level.
- The military will increase uniformed personnel in Fairbanks, but not civilian employment, in 1989 and 1990.

Construction Employment Will Continue to Fall

As it will elsewhere in the state, the beleaguered construction industry will continue to lose jobs in Fairbanks. However, the loss will be small compared to the shrinkage of the mid-1980s.

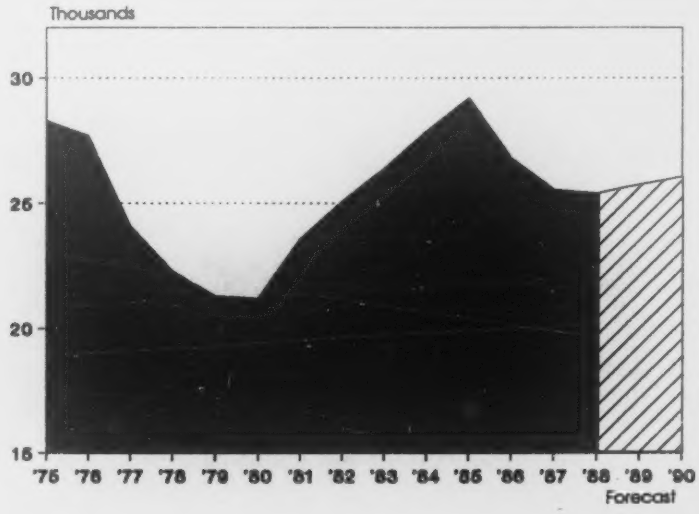
By 1987, Fairbanks had only one-half as many construction jobs as it had in 1985. Since 1987, military related construction projects at Fort Wainwright and Eielson Air Force Base kept employment levels in this industry from declining even further. The military spent over $140 million in Fairbanks in Federal Fiscal Year (FFY) '88 (Oct. '87 to Sept. '88). This money went into new construction, and remodeling and maintenance of existing buildings. The Pentagon's construction budget in Fairbanks will drop 25% in FFY '89 to just over $100 million. That figure will be halved in FFY '90 to $50 million. Thus, the construction industry's employment will decline as the military budget declines.

Local government building projects may help prevent a steep decline, but they won't fill the gap left by the military. Fairbanks city policymakers predict a 1989 construction budget amounting to two-thirds that of 1988. Meanwhile, in 1989 the Fairbanks North Star Borough will complete construction of a community center and two schools. After that, the borough's public works department has on its construction schedule only small repair and maintenance jobs. Highway construction will remain at current levels for the next two years. Finally, the state's FY 1990 capital budget includes only $15 million for various city and university building projects. This figure, small as it is, is not a final one and could be lower yet.

> The Pentagon's construction budget in Fairbanks will drop 25% in FFY '89 to just over $100 million.

Figure 1

Fairbanks Annual Average Nonagricultural Wage & Salary Employment 1975 – 1990



Source: Alaska Department of Labor, Research & Analysis

The area's only large project on the construction horizon, while not in Fairbanks, may employ some Fairbanks workers. The Air Force's backscatter radar projects near Gulkana and Tok will employ 100 people at each of the two sites during peak construction days. The projects are scheduled to begin in late 1989 or early 1990. Air Force officials estimate they will spend $450 million before the new radar projects are completed in 1993.

In the private sector, BP Exploration will spend $6 million and employ about 75 construction workers in 1989 to build modules destined for the newly developing Hurl State field on the North Slope.

The city of Fairbanks is short $3 million to meet its current fiscal year budget.

State Payroll Shrinking

Even with the price of oil in the $14 to $17 a barrel range, there is a gap between the state's operating budget and revenues. Presuming there will be a decline of at least $150 million in the FY '90 operating budget and further declines in the FY '91 operating budget, state government employment in Fairbanks will drop by 1990. The projected $150 million shortfall can be safely described as conservative. If the budget shrinks more, so too will the number of state jobs. A drop in the number of state workers and their paychecks would definitely have a negative impact on other Fairbanks sectors.

School District Expects Enrollment Drop; City is Short Revenue

During 1989 local government employment will remain at 1988 levels. The Fairbanks school district is anticipating a 1.5% enrollment decline in the 1989-90 school year. The borough's recent proposed annexation of land — on which oil pump station #7 (and its associated revenues) is located — was defeated by the legislature. The city is still short $3 million to meet its

Table 1

Fairbanks Nonagricultural Wage & Salary Employment Forecast 1989-1990

	1987 Annual Average	1988 Annual Average	Pct. Change 1987-1988	1989 Annual Average	Pct. Change 1988-1989	1990 Annual Average	Pct. Change 1989-1990
Total Nonag. Wage & Salary	25,550	25,400	-0.6%	25,725	1.3%	25,925	0.8%
Mining	150	150	0.0	175	16.7	200	14.3
Construction	1,550	1,500	-3.2	1,450	-3.3	1,400	-3.4
Manufacturing	550	600	9.1	625	4.2	625	0.0
Trans., Communications & Utilities	2,000	1,850	-7.5	1,850	0.0	1,875	1.4
Trade	5,550	5,700	2.7	5,825	2.2	5,925	1.7
Wholesale	750	700	-6.7	725	3.6	750	3.4
Retail	4,800	5,000	4.2	5,100	2.0	5,175	1.5
Finance, Insurance & Real Estate	850	800	-5.9	800	0.0	800	0.0
Services & Miscellaneous	5,800	5,700	-1.7	5,800	1.8	5,900	1.7
Government	9,150	9,150	0.0	9,200	0.5	9,200	0.0
Federal	2,850	2,750	-3.5	2,800	1.8	2,900	3.6
State	3,750	3,850	2.7	3,850	0.0	3,700	-3.9
Local	2,600	2,550	-1.9	2,550	0.0	2,600	2.0

Source: Alaska Department of Labor, Research & Analysis

current fiscal year budget. The city's potential source of additional revenue, a 3% sales tax, was to have taken effect April 1. But it is still in legal limbo, and if instituted at all will not generate the $6 to $8 million in 1989 revenue originally anticipated.

Feds Are Expanding

Federal government employment will grow slightly in 1989 and considerably more in 1990. Civilian employment at the Fairbanks area bases will remain at current levels. By 1990, the Air National Guard stationed at Eielson is expected to double its fleet of tanker planes. For Eielson, this translates to about 70 new full-time jobs and over 400 part-time Guard jobs. (Alaska Department of Labor employment numbers include civilian employees on military bases but not the uniformed military. Included also are full-time National Guard employees.) Lastly, federal census bureau employees, hired to conduct the decennial census, should account for an annual average increase of 25 workers in 1990.

Military Contributes to 'About Face' in Economy

The already sizeable Fairbanks military presence will increase even more over the next two years. (See Figure 2.) The numbers of uniformed military at Eielson Air Force Base will remain steady for 1989-90; Fort Wainwright, though, will gain almost 1,200 new soldiers in the next two years. Some of this rise is attributed to the continued increased staffing of the 6th Light Infantry Brigade. Another portion of the rise is linked to the relocation of Army headquarters staff from Fort Richardson to Fort Wainwright.

The 700 soldiers stationed in Fairbanks during 1988 were mostly young singles; they brought with them only 70 dependents. In contrast, the total number of dependents relocating to Fairbanks in 1989 and 1990 will outnumber the total number of new soliders. These dependent family members will compete for existing jobs in Fairbanks. At the same time, however, their demand for goods and services will also help create jobs. Those families who live off the military bases will absorb some of the current housing surplus.

The increased number of military and their dependents will help the trade and services industries slowly expand in both 1989 and 1990. The trade and service sectors should also gain employment as a result of a projected rise in tourism. Large tour operators anticipate a better tourist season in 1989 than 1988 (and no one is complaining about the 1988 season). It will be the personal side of the service sector (for example, the hotel and health industries), rather than the business side (the accounting and engineering industries), which will account for most of the growth in this sector.

FIRE Industries Caught in a Lingering Recession

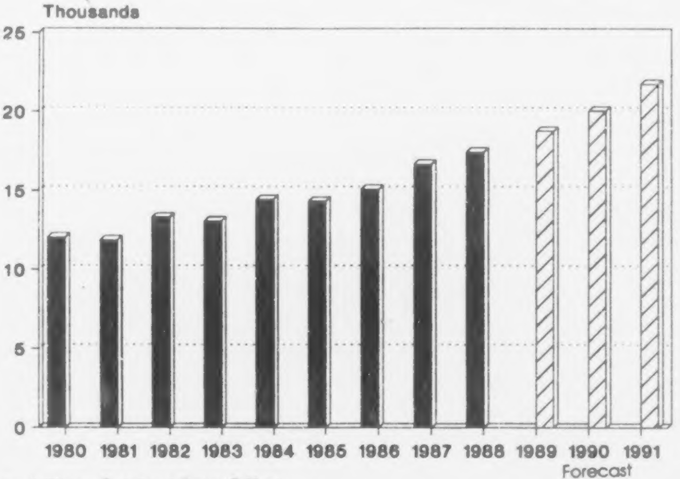
The military will help the Fairbanks economy execute an 'about face' in 1989 and 1990. But even 2,600 new soldiers and dependents arriving in Fairbanks during the next two years will not create enough additional demand to turn around the local real estate market. Additional on base housing now being built for soldiers and their families will translate into declining pressure on Fairbanks' private real estate market in coming years.

Fairbanks' surplus of residential properties contributed to declining prices in 1989 for the third year in a row. The commercial market also continues to wallow in excess capacity. And financial institutions are still reeling from the impact of foreclosures

The already sizeable Fairbanks military presence will increase even more over the next two years.

Figure 2

Military & Dependents Stationed in Fairbanks



Source: Military Public Affairs Office

and bankruptcies. During 1988, the number of foreclosed properties and bankruptcies (including both personal and business bankruptcies) remained near the high numbers of 1987. As a result of all these factors, no growth is projected for FIRE (Finance, Insurance and Real Estate) industries over the next two years.

Slow Growth Seen for the Mining and Manufacturing Sectors

Encountering some employment growth over the next two years, albeit slow, will be the mining and manufacturing sectors. The rise in mineral exploration activity seen in 1988 should continue. However, mineral prices must remain healthy if exploration is to turn into development. And even if mineral prices remain at encouraging levels, any significant mining development in the Fairbanks North Star Borough is not expected to occur in the next two years.

Manufacturing jobs increased 9% in 1988. Several small enterprises contributed to this rise; their contribution should lessen in 1989. Flow Line, a small, private firm, added 30 jobs to this sector earlier this year when it received a six month contract to insulate pipe for North Slope oil companies. Meanwhile, a local manufacturer of batteries hopes to export products to Canada, and a manufacturer of dog food is shipping its product to Norway. Small enterprises like these will, in the aggregate, contribute to a few more jobs in the manufacturing sector.

Conclusion: Very Small Expansion In Next Two Years

Although no large projects are planned for Fairbanks' immediate future, an increasing military presence, combined with slow growth for many industries, will contribute to an expanding economy in 1989 and 1990. The expansion is indeed very small, but for those who have weathered the last three years' recession, even a small amount of growth is an encouraging trend.

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1.2% Annual Employment Growth Projected

by Brian N. Rae

SOUTHEAST Employment Forecast: 1989-1990

If in the Southeast the years 1986 and 1987 are best remembered for economic decline and the year 1988 for economic revival, then 1989 and 1990 will likely be remembered as the years of moderation. Southeast employment should continue to rise over the next two years, but at a much slower rate than 1988. (See Figure 1.) The increase is expected to amount to about 700 jobs — a 2.4 percent gain over the next two years.

Assumptions: Tongass Harvests Will Stay the Same, and Metal Prices Will Remain High

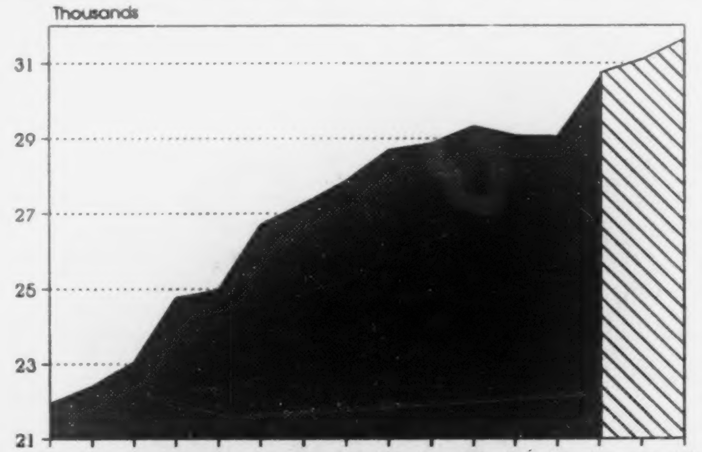
When forecasting any region's employment, certain assumptions must be made about future economic events important to the entire state. The following list of assumptions/predictions are those which Alaska Department of Labor (DOL) economists view as most plausible. Some of these assumptions are more important than others to the Southeast economy. Any assumption proved wrong will affect this article's projections.

For this two-year forecast period, it's assumed that:

- There will be little change in state oil revenue, with the price of Alaska North Slope crude staying within the $14 to $17 per barrel range;
- The dollar will not strengthen appreciably against the Japanese yen;
- Even if new legislation on the Tongass National Forest is passed, there will be no reduction in harvest levels;
- World metal prices will remain high enough to attract continued mining development.

Figure 1

Southeast's Annual Average Nonagricultural Wage & Salary Employment 1975 – 1990



Source: Alaska Department of Labor, Research & Analysis

The Tongass National Forest debate and the dwindling supply of native timber continue to be of concern to Southeast timber companies.

Diversification Has Brought Stability

The Southeast economy has remained stable primarily due to the diversity of its basic sector industries. While not all these industries have fared equally well over the last two years (see Table 1), their combined impact on the Southeast economy has served to buffer economic shocks that have stunned other regions of the state. This forecast projects growth pattern changes among baasic sector industries. These predicted changes are not expected to affect, however, the industries' combined strength. Nor will the changes interrupt the basic sector industries' continued ability to provide new opportunities for growth in the support sector industries.

Timber Supply Uncertainty Will Retard Investment

The Southeast's manufacturing sector set the pace of the region's 1988 economic turnaround. This sector's major industries — seafood processing and timber — will see employment gains level off during the next two years. (See Figure 2.)

In the timber industry there are several impediments to continued growth. Many industry facilities are at or near full capacity. Although some new facilities have been brought on line or have added shifts, this increased capacity will not sustain the growth seen over the past two years. Markets are now good for Alaska timber products, but uncertainty within the industry about future timber supplies have hampered additional investment in plants and facilities. Both the Tongass National Forest debate and the dwindling supply of native timber have been — and will continue to be — a concern to Southeast timber companies.

The opportunity to expand the value-added processing of Alaska timber products over the past several years has been good for two reasons: 1) Alaska timber products have held and continue to hold a strong position in world

Table 1

Southeast Nonagricultural Wage & Salary Employment Forecast 1989-1990

	1987 Annual Average	1988 Annual Average	Pct. Change 1987-1988	1989 Annual Average	Pct. Change 1988-1989	1990 Annual Average	Pct. Change 1989-1990
Total Nonag. Wage & Salary	29,100	30,650	5.3%	30,925	0.9%	31,425	1.6%
Mining	100	200	100.0	275	37.5	350	27.3
Construction	1,100	1,050	-4.5	1,050	0.0	1,100	4.8
Manufacturing	4,350	5,150	18.4	5,225	1.5	5,250	0.5
Seafood Processing	1,150	1,400	21.7	1,375	-1.8	1,375	0.0
Lumber & Paper Products	2,950	3,450	16.9	3,525	2.2	3,525	0.0
All Other Manufacturing	250	300	20.0	325	8.3	350	7.7
Trans., Communications & Utilities	2,150	2,250	4.7	2,300	2.2	2,375	3.3
Trade	4,600	4,800	4.3	4,850	1.0	4,975	2.6
Wholesale	400	450	12.5	450	0.0	475	5.6
Retail	4,200	4,350	3.6	4,400	1.1	4,500	2.3
Finance, Insurance & Real Estate	1,050	1,050	0.0	1,000	-4.8	1,000	0.0
Services	4,600	4,800	4.3	4,900	2.1	5,000	2.0
Government	11,200	11,450	2.2	11,325	-1.1	11,375	0.4
Federal	2,000	2,000	0.0	2,025	1.3	2,075	2.5
State	5,000	5,150	3.0	5,050	-1.9	5,000	-1.0
Local	4,200	4,300	2.4	4,250	-1.2	4,300	1.2

Note: Numbers may not add due to rounding.

Source: Alaska Department of Labor, Research & Analysis

markets due to the low yen/dollar ratio; 2) There remains little competition from other suppliers as there are few perfect substitutes for Alaska timber. These two factors have provided and still provide the opportunity for additional value-added processing, all the while maintaining a competitive price for the finished product.

Concerns about the future supply of Alaska timber impedes additional value-added processing. The capital investment needed for these new plants and equipment would likely take several years to return a profit. The outcome of pending legislation changing the amount of timber available for harvest from the Tongass National Forest will greatly determine the future of value-added processing of Alaska's timber products.

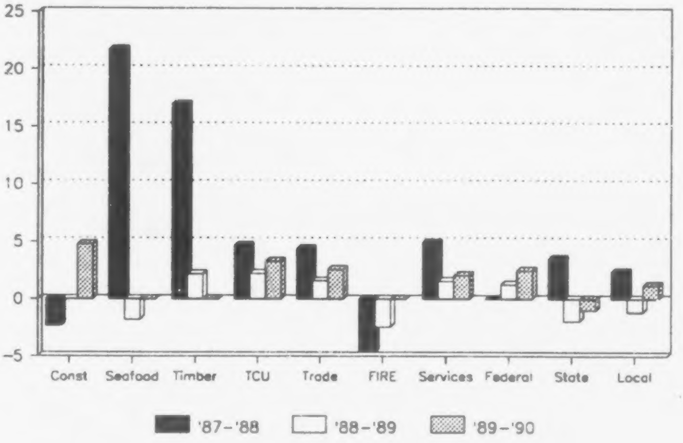
Seafood Processing Job Numbers Will Remain Stable

Like the timber industry, Southeast seafood processing industry employment levels should, over the next two years, be similar to those of 1988. Some nervousness in this industry over the past two years has been caused by lower than projected salmon returns. Because most Alaska commercial fisheries have brief openings and product quality concerns keep processing plants running at full tilt during these brief openings, the number of persons employed should remain stable. For this reason, if there are decreased commercial harvests the number of *hours* workers are employed would drop; not necessarily decreasing, though, would be the *number* of workers.

Processors report higher than average inventories of many products. This may lower prices from their unusually high levels of the last two years, possibly reducing wages and the amount of money flowing through the Alaska economy.

Figure 2

Percent Employment Change in Southeast Industries



Source: Alaska Department of Labor, Research & Analysis

175 New Mining Jobs Seen in Next Two Years

Although still a small employer in the Southeast, the impact of mine development is being felt throughout the economy and particularly in the Juneau area. During the next two years, mining is expected to provide 175 new jobs. Of greater importance, though, is the amount of money and other jobs created during the mines' exploration and construction phases. For example, prior to the hiring of about 200 miners at the Admiralty Island Greens Creek mine, start up projects boosted employment in the local construction and transportation industries. The recent influx of dollars into the Juneau economy helped bolster other sectors of the economy, too. As other mines in the Southeast develop, this same scenario will be repeated.

Until recently, workers in the Southeast mining industry didn't search for precious minerals. Instead, they worked for firms which provided sand, gravel and stone for construction jobs. The construction downturn hurt many of these firms, causing them to trim back

> The recent influx of mining dollars into Juneau helped bolster other sectors of the economy.

operations to meet depressed construction levels. The future of these sand and gravel firms should closely parallel that of the area's construction industry.

No Growth Seen in Construction

The Southeast construction industry started its decline before the oil price shock affected the rest of the Alaska economy. While most other Southeast industries turned the economic corner either in late 1987 or 1988, the construction industry still hasn't grown yet. The next two years show no optimistic promise. While there are new building projects coming on line, others are nearing completion. Projected 1989 employment is flat; no rise is expected over 1988 levels. Some gains might occur in 1990 if the outlook for mining remains bright.

On an even darker side, state and local capital projects will probably number few during the next two years. Although there exist plans for some public construction projects, the demand for a smaller state budget, coupled with the negative economic impacts of employment cuts, make it unlikely that there will be any increased spending on capital projects. During the next two years, construction employment will likely remain only at a maintenance level — the minimum level necessary to maintain existing facilities with some marginal infrastructural growth. Given these factors, further construction industry employment declines are unlikely.

Support Sector Industries Will Pace Those of Basic Sector

As the Southeast economy has aged and matured, support sector industries (that is, the TCU, FIRE, trade and service industries) have gained a larger share of total employment. Some of the companies which comprise the support sector rely on particular industries for their economic strength. Others follow the health of the overall economy and are more insulated from specific industry fluctuations. Still, the support sector firms can only be as financially healthy as their clients. With one notable exception, FIRE, all support sector industries have gained by the Southeast's new economic health and have posted employment gains. As Southeast basic sector (that is, the manufacturing, mining and construction industries) growth moderates, so too will gains in the support sector.

Trade Sector Employment to Rise by 4%

Employment in wholesale and retail trade should rise by four percent — 175 jobs — in the next two years. This growth rate is higher than that of the total economy. The reason? Trade sector employment, like most other support sector industries, is a trailing indicator of the economy's health. Last year's large gains in the basic sector industries should translate into strong employment growth in the support sector during this two-year forecast period.

One possible stumbling block to growth in the trade industries would be a major reduction in state and local government employment. Studies conducted by the University of Alaska-Anchorage Institute for Social and Economic Research have attempted to determine what economic impact is caused by the loss of public sector jobs. Significant government job losses could negate the positive impacts of last year's growth in basic sector industries.

Service Sector Employment: Up by 4%, Too

The service industries will perform in the next two years much like the trade sector industries: employment gains are expected to amount to about four percent. Many of the same factors determining the future of trade sector employment are also at work in the service industries. Basic sector employment gains will help feed the service industries' employment growth. Meanwhile, possible public sector employment declines could reduce service sector gains.

Both the services and trade sectors benefit from tourism. There are potential problems for tourism in upcoming years. First, the severity of this winter received much attention in the lower 49 states. Some Alaskans worry that this wintry impression may reduce the number of future visitors here. Second, the recent Exxon Valdez oil spill, though affecting a very small portion of Alaska, will negatively impact the number of future visitors.

Further, the recent bankruptcy of Exploration Travel has reduced the number of ships docking in the Southeast. Many business owners say the loss of this firm will have much less of an impact than would the loss of some of its competitors. Business owners are hopeful that tourists travelling independently will compensate for this reduction. Still, many of the cruise ship line officials worry that the Exploration Travel bankruptcy will reflect badly on their lines and cause a reduction in the total number of travelers.

A 5% Job Rise Predicted For Transportation,Communications and Utilities Industries

TCU(Transportation,Communications, and Utilities) industries will strengthen over the next two years. With the projected addition of 125 jobs, the TCU sector should post an employment rise of more than five percent. Many different factors affect the industry. In the Southeast, transportation employment depends on the health of the timber, mining, and tourism industries, as well as the volume of migration in the area. The economic well-being of both the communications and utilities industries is closely linked to migration and population growth and to new commercial ventures.

Five percent growth in the TCU sector over the next two years will occur for several different reasons: The timber and seafood processing industries, which have helped TCU industries over the past two years, will not see reductions in activity. Increased mining activity will lead to some job increases. Population increases, expected because of the Southeast's strengthened economy, will lead to more utility industry jobs. And while employment declines in the transportation sector could develop if tourism falls significantly below 1988 levels, this is not likely to occur at least during the next two years.

1989 & 1990 Will Be Flat Years For Finance, Insurance, and Real Estate Industries

Although faring better than the rest of the state, Southeast FIRE (Finance, Insurance, and Real Estate) sector employment should amount to about 1,000 for 1989 and 1990 (slightly below 1988 levels). FIRE industries have sustained losses as a result of numerous loan foreclosures and declines in real estate markets. Most of this damage seems to have already occurred in the Southeast. Surviving companies should remain viable.

Government Employment: Down by Less than 1% in Next Two Years

Overall, Southeast government employment is projected to fall in 1989 by more than one percent. It is expected to show little increase in 1990. Federal, state, and local government hiring levels in the next two years will be dissimilar.

Federal government employment is projected to show growth during both years of this forecast. Most of this growth will occur in 1990 when enumerators are hired to conduct the decennial census. These new positions will be temporary, but there will be many of them.

State government employment is projected to fall by 150 during the next two years as the state budget is reduced. Much of the reduction will impact the Juneau area. Loss of even a few state jobs in the Southeast's smaller, more rural areas could have a noticeable impact on those local economies.

Reducing the state budget is a high priority for many Alaskans. Large work force reductions are unlikely, however, due to the significant economic upset that would occur. Most state employees are currently working without a contract; the outcome of labor negotiations could impact the number of state government jobs funded during the next two years.

Local government employment is projected to decline during 1989, but then again show growth one year later. Local governments, particularly this year, may receive less municipal assistance funding than expected. This might cause more local governments to finance various projects independent of state help. If local governments make up this funding difference, there may be employment shifts from state government to local governments.

Conclusion: Total 1.2% Job Gain Predicted for the Southeast

These projections depend on the assumptions stated at the start of this article. Some of the assumptions are more critical than others, but changes in any one could affect all of Southeast's employment growth over the next two years. Particularly important during this next two-year period will be oil revenues. If large employment cuts in state or local government are implemented to balance the state budget, Southeast employment growth will be severely hampered.

International currency fluctuations are important to Southeast's natural resource industries. There is little likelihood of exchange rate movements large enough to depress the demand for these products. Likewise, international metal prices should remain strong enough to spur continued exploration.

Compared to last year when employment levels rose dramatically, the next two years may appear slow. Employment gains are projected to average 1.2 percent per year during the next two years. In any place other than Alaska, this would be seen as extremely strong growth. But for Southeast Alaska, this rate of growth is moderate. This projected growth is a reliable sign that the most recent recession and its aftershocks are now history.

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February's Economy Was in Hiberation

by Brian N. Rae

Alaska's economy in February followed a normal seasonal pattern. Like most of the states bears, it was hibernating.

This was not unexpected. While there was more activity this past February than in February 1988, the grip of winter hadn't loosened enough to allow for the usual rise in seasonal economic movement. Instead, most of this seasonal activity (which will start at levels higher than in recent years) was expected to occur over the months of March, April and May. If anything, the February economy was just stirring from winter.

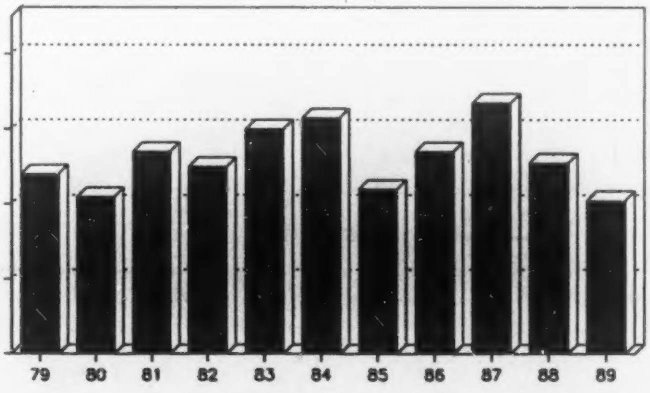
Various indicators show improving economic health for Alaska. February unemployment was at its lowest level in over 11 years. (See Figure 1.) That month's employment level was at its highest in three years. All this was happening during a month when many firms were trying to restart after one of the most severe winters on record.

February Unemployment Rate Was Lowest in a Decade

At 10.1%, February's unemployment rate was the lowest since the current time series of data was formulated in 1978. (See Table 4.) In that year, the unemployment rate was 10.2%. Part of February's unemployment rate drop can be attributed to a continued decline in the labor force. The February 1989 labor force was the lowest since February 1984, and was 5,000 less than it had been one year ago.

Figure 1

Alaska's February Unemployment Rates 1979 — 1989



Source: Alaska Department of Labor, Research & Analysis

Two regions, the Northern and Southeast, showed slight unemployment rate increases over the 12-month period beginning February 1988. These two regions shared another unique characteristic: they were the only regions to register significant labor force increases during that same period. All other Alaska regions showed declining unemployment rates between February '88 and February '89.

Even as the Gulf Coast region retained nearly the same labor force numbers, its February '88 unemployment rate was the lowest since 1985. (Regional unemployment rate comparisons to pre-1985 years are not yet available because the technique used to estimate statewide unemployment was recently changed.) The three remaining regions, Anchorage-MatSu, Southwest and Interior, posted their lowest February unemployment rates to date, but at the expense of a declining labor force.

Mining Set the Pace Between February '88 and February '89

Employment has shown a strong increase over the year, February-to-February, but the strength was not shared evenly among all industries. (See Table 1.) Mining was the victor for over-the-year growth, showing strength in both hard rock, and oil and gas mining. February employment levels in this sector was almost 13% above comparable 1988 levels. Start up of new hard rock operations accounted for part of this rise, but most of the jump in job levels came from greatly increased exploration activity for both oil and minerals. In the Northern Region, the over-the-year employment rise came entirely from increased mining activity. Gains are expected to continue as the Red Dog mine expands operations over the next several months.

Table 1

Nonagricultural Wage & Salary Employment By Place of Work Alaska

				Changes From:	
	p/ 2/89	r/ 1/89	2/88	1/89	2/88
Nonag. Wage & Salary	203,700	199,800	198,900	3,900	4,800
Mining	9,700	9,400	8,600	300	1,100
Construction	6,200	6,200	6,800	0	-600
Manufacturing	10,800	9,900	10,400	900	400
Seafood Processing	5,200	4,500	4,800	700	400
Lumber & Paper Products	2,400	2,200	2,500	200	-100
All Other Manufacturing	3,200	3,200	3,100	0	100
Trans., Comm. & Utilities	16,400	16,200	16,300	200	100
Trucking & Warehousing	2,100	2,100	2,200	0	-100
Water Transportation	900	900	800	0	100
Air Transportation	5,200	5,200	5,100	0	100
Communications	3,200	3,100	3,300	100	-100
All Other Transportation	5,000	4,900	4,900	100	100
Trade	39,700	40,100	38,500	-400	1,200
Wholesale	7,200	7,200	7,000	0	200
Retail	32,500	32,900	31,500	-400	1,000
General Merch. & Apparel	4,700	4,800	4,500	-100	200
Food Stores	5,800	5,900	5,700	-100	100
Eating & Drinking Places	11,900	11,900	11,500	0	400
All Other Retail	10,100	10,300	9,800	-200	300
Finance, Insurance & Real Estate	10,600	10,500	10,800	100	-200
Services	41,900	41,300	40,800	600	1,100
Hotels & Other Lodging	3,900	3,900	3,700	0	200
Government	68,400	66,200	66,700	2,200	1,700
Federal	17,400	17,400	17,700	0	-300
State	20,600	18,900	19,200	1,700	1,400
Local	30,400	29,900	29,800	500	600

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date: March 1988

p/ denotes Preliminary Estimates
r/ denotes Revised Estimates

Source: Alaska Department of Labor, Research & Analysis

Manufacturing Sector Set New February Record

Manufacturing employment was at its highest level ever in February. The sector's record hike can be attributed mainly to the seafood processing industry whose employment numbers rose by 700 for the month, and 400 for the year. For both the month and the year (February to February), the Southwest and Gulf Coast regions experienced the lion's share of the seafood processing employment gains. These regions' gains were largely due to increased bottom fish processing and new surimi processing activity.

One negative side effect occurred as a result of these rises in enterprise. The Shelikof Strait area pollock fishery was closed several months early. The increased activity, coupled with a reduced quota, led to the early closure. A greater number of floating processors had fished Kodiak pollock than in prior years. Of the 60,000 metric tons harvested, over 37,000 tons were delivered to offshore processors. In addition, they harvested the reduced quota in record time. In 1987, for example, 85% of the pollock was caught in the second half of the year. In 1989, the season lasted less than one quarter.

Table 2

Nonagricultural Wage & Salary Employment By Place of Work

Anchorage Borough

				Changes From:	
	p/ 2/89	r/ 1/89	2/88	1/89	2/88
Nonag. Wage & Salary	98,350	97,400	97,300	950	1,050
Mining	3,550	3,450	3,200	100	350
Construction	3,100	3,050	3,550	50	-450
Manufacturing	2,100	2,050	2,150	50	-50
Trans., Comm. & Utilities	8,900	8,750	8,950	150	-50
Trucking & Warehousing	1,500	1,500	1,450	0	50
Water Transportation	250	250	250	0	0
Air Transportation	3,200	3,150	3,150	50	50
Communications	1,750	1,700	1,800	50	-50
All Other Transportation	2,200	2,150	2,300	50	-100
Trade	23,600	23,900	22,700	-300	900
Wholesale	5,350	5,550	5,300	-200	50
Retail	18,250	18,350	17,400	-100	850
Gen. Merch. & Apparel	2,300	2,450	2,300	-150	0
Food Stores	2,850	2,900	2,750	-50	100
Eating & Drinking Places	7,550	7,400	7,100	150	450
All Other Retail	5,550	5,600	5,250	-50	300
Finance, Ins. & Real Estate	7,050	7,000	7,300	50	-250
Services	24,100	23,900	23,550	200	550
Government	25,950	25,300	25,900	650	50
Federal	10,050	10,100	10,350	-50	-300
State	7,400	6,700	6,900	700	500
Local	8,500	8,500	8,650	0	-150

Fairbanks North Star Borough

				Changes From:	
	p/ 2/89	r/ 1/89	2/88	1/89	2/88
Nonag. Wage & Salary	24,450	23,900	23,750	550	700
Mining	100	100	100	0	0
Construction	1,100	1,100	1,100	0	0
Manufacturing	550	500	500	50	50
Trans., Comm. & Utilities	1,700	1,800	1,650	-100	50
Trucking & Warehousing	350	400	350	-50	0
Air Transportation	300	300	300	0	0
All Other Transportation	1,050	1,100	1,000	-50	50
Trade	5,050	5,100	5,000	-50	50
Wholesale	650	650	650	0	0
Retail	4,400	4,450	4,350	-50	50
Food Stores	750	700	750	50	0
All Other Retail	3,650	3,750	3,600	-100	50
Finance, Ins. & Real Estate	750	750	750	0	0
Services	5,550	5,500	5,450	50	100
Government	9,650	9,050	9,200	600	450
Federal	2,700	2,700	2,700	0	0
State	4,200	3,650	3,950	550	250
Local	2,750	2,700	2,550	50	200

Anchorage-MatSu Region

				Changes From:	
	p/ 2/89	r/ 1/89	2/88	1/89	2/88
Nonag. Wage & Salary	104,200	103,300	103,300	900	900
Mining	3,550	3,450	3,200	100	350
Construction	3,350	3,250	3,700	100	-350
Manufacturing	2,200	2,150	2,200	50	0
Trans., Comm. & Utilities	9,600	9,400	9,550	200	50
Trade	24,750	25,150	24,100	-400	650
Finance, Ins. & Real Estate	7,400	7,400	7,700	0	-300
Services	24,950	24,700	24,600	250	350
Government	28,400	27,800	28,250	600	150

Interior Region

				Changes From:	
	p/ 2/89	r/ 1/89	2/88	1/89	2/88
Nonag. Wage & Salary	27,900	27,250	27,100	650	800
Mining	300	250	300	50	0
Construction	1,150	1,150	1,100	0	50
Manufacturing	550	550	500	0	50
Trans., Comm. & Utilities	2,000	2,050	1,850	-50	150
Trade	5,350	5,450	5,250	-100	100
Finance, Ins. & Real Estate	800	800	800	0	0
Services	5,950	5,900	5,850	50	100
Government	11,800	11,100	11,450	700	350

Note: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date: March 1988 p/ denotes Preliminary Estimates r/ denotes Revised Estimates

Source: Alaska Department of Labor, Research & Analysis

(Cont. on page 25)

There's Not Enough Pollock To Go Around

Carl Rosier, chief of the Industry Services and Trade section of the National Marine Fisheries Service, says there is little question that the early closure will negatively affect the shore based labor market. Although processors might hire the same number of employees over the season, the number of hours worked is likely to decrease. Mr. Rosier contends that there simply is not enough pollock to go around.

A rising concern pertaining to the off shore processors is the lowered percentage of the product actually being processed. With shortened seasons and more intensive fishing effort, processors are often forced to use only the most valuable portions of the resource. This causes reductions in the value-added processing potential and in the number of jobs created per product unit.

Table 2
(Cont. from page 24)

Nonagricultural Wage & Salary Employment By Place of Work

Southeast Region

	p/ 2/89	r/ 1/89	2/88	Changes From:	
				1/89	2/88
Nonag. Wage & Salary	27,900	27,600	27,000	300	900
Mining	250	200	150	50	100
Construction	700	700	750	0	-50
Manufacturing	3,000	2,950	3,350	50	-350
Seafood Processing	600	700	650	-100	-50
Lumber & Paper Products	2,150	2,000	2,450	150	-300
All Other Manufacturing	250	250	250	0	0
Trans., Comm. & Utilities	2,000	2,000	1,900	0	100
Trade	4,550	4,600	4,200	-50	350
Wholesale	450	450	400	0	50
Retail	4,100	4,150	3,800	-50	300
Finance, Ins. & Real Estate	1,050	1,000	1,050	50	0
Services	4,550	4,550	4,400	0	150
Government	11,800	11,600	11,200	200	600
Federal	1,850	1,900	1,850	-50	0
State	5,450	5,300	5,050	150	400
Local	4,500	4,400	4,300	100	200

Gulf Coast Region

	p/ 2/89	r/ 1/89	2/88	Changes From:	
				1/89	2/88
Nonag. Wage & Salary	17,750	17,500	16,850	250	900
Mining	800	800	800	0	0
Construction	600	600	600	0	0
Manufacturing	2,400	2,200	2,150	200	250
Seafood Processing	1,750	1,550	1,550	200	200
All Other Manufacturing	650	650	600	0	50
Trans., Comm. & Utilities	1,350	1,400	1,300	-50	50
Trade	3,350	3,350	3,150	0	200
Wholesale	500	500	450	0	50
Retail	2,850	2,850	2,700	0	150
Finance, Ins. & Real Estate	500	500	500	0	0
Services	3,150	3,150	3,000	0	150
Government	5,600	5,500	5,350	100	250
Federal	500	550	500	-50	0
State	1,700	1,600	1,500	100	200
Local	3,400	3,350	3,350	50	50

Southwest Region

	p/ 2/89	r/ 1/89	2/88	Changes From:	
				1/89	2/88
Nonag. Wage & Salary	12,550	11,750	12,050	800	500
Seafood Processing	2,450	1,900	2,150	550	300
All Other Private	3,850	3,850	3,900	0	-50
Government	6,250	6,000	6,000	250	250
Federal	1,300	1,300	1,300	0	0
State	550	450	450	100	100
Local	4,400	4,250	4,250	150	150

Northern Region

	p/ 2/89	r/ 1/89	2/88	Changes From:	
				1/89	2/88
Nonag. Wage & Salary	13,050	12,600	12,450	450	600
Mining	4,800	4,550	4,200	250	600
All Other Private	3,800	3,750	3,800	50	0
Government	4,450	4,300	4,450	150	0
Federal	350	350	350	0	0
State	350	300	350	50	0
Local	3,750	3,650	3,750	100	0

Note: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date: March 1988 p/ denotes Preliminary Estimates r/ denotes Revised Estimates

Source: Alaska Department of Labor, Research & Analysis

Timber Industry Expands Into Kenai Peninsula and Kodiak Borough

The timber industry, hampered by heavy snowfall in the Southeast region, was unable to continue logging operations in many areas during the month of February. Many mills, though, had sufficient reserves of logs to operate for several weeks. (Continued inclement weather in March might have caused mill slow downs or shut downs. An indefinite shutdown of the Wrangell sawmill was announced during the beginning of March for this reason.) The industry is starting to expand outside of the Southeast. Some larger scale operations have begun logging on the Kenai Peninsula and in the Kodiak Borough.

Table 3

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 2/89	r/ 1/89	2/88	p/ 2/89	r/ 1/89	2/88	p/ 2/89	r/ 1/89	2/88
Mining	$1,117.92	$1,142.77	$1,137.63	51.0	49.3	48.7	$21.92	$23.18	$23.36
Construction	921.07	905.60	902.40	40.9	40.0	37.9	22.52	22.64	23.81
Manufacturing	573.30	505.09	477.95	50.6	40.7	38.7	11.33	12.41	12.35
Seafood Processing	478.17	329.18	301.48	59.4	39.9	38.8	8.05	8.25	7.77
Lumber & Paper Products	622.20	650.95	572.88	40.8	43.6	37.2	15.25	14.93	15.40
Trans., Comm. & Utilities	565.85	570.67	576.20	34.8	35.6	35.9	16.26	16.03	16.05
Trade	372.24	383.41	366.49	33.0	33.9	33.5	11.28	11.31	10.94
Wholesale	519.94	538.23	544.71	38.6	38.5	40.2	13.47	13.98	13.55
Retail	323.23	331.40	303.85	31.2	32.3	31.1	10.36	10.26	9.77
Finance, Ins. & Real Estate	390.92	389.26	404.00	33.7	35.1	35.1	11.60	11.09	11.51

Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Excludes eating and drinking establishments.

Note on Average Hours and Earnings Series — Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing), and are for gross earnings and hours paid, including overtime pay and hours.

p/ denotes Preliminary Estimates   r/ denotes Revised Estimates

Source: Alaska Department of Labor, Research & Analysis

Construction Still Lags Behind

Construction still lags behind, falling almost 10% from February 1988 employment levels. The majority of this loss occurred, as it had in the past many months, in the Anchorage/Mat-Su region. A recent recovery of real estate prices in the area indicates a strengthening of the market. But it will still be some time before construction employment rises. Some work did occur in the construction of small oil field modules for the North Slope and at Bradley Lake. Overall, though, there were few February projects. As the season progresses, some larger projects — including those at Bradley Lake and pipe replacement on the Alaska Pipeline — will provide more work in this industry.

Great Gains for the Service Sector

The service sector posted significant gains for both the year (between February '88 and February '89) and the month. This industry alone accounted for nearly one quarter of the statewide employment rise over the year — 1,100 of the total 4,800 employment gain. For the month, the service sector added the greatest number of private sector jobs to the Anchorage/MatSu region — 250 of the total 900 job jump. This is a particularly welcome sign for this region. Increased employment in the support sector, of which service industries are a part, generally indicates a strengthening of the overall economy.

A Mixed Picture for the February Trade Sector

The trade sector played an equally important role in the annual February-to-February employment gains, but the February 1989 numbers posted a decline from the January level. This trend existed in every region. Trade sector employment was up for the year (in some areas it was up forcefully), but it was either down or flat during the month. This development was not unexpected because employment levels usually drop down from the high levels seen at the year-end holidays. There should be added employment gains in the next couple of months with the onset of other seasonal economic activity.

UA Posts Strong Growth for February's Public Sector

The public sector posted very strong February growth. The largest share of the employment growth came from state government; more specifically, it came from the University of Alaska. UA staff boosted the state government payroll by returning to work after the winter break. (Although many UA employees had returned to work during the end of January, the employment estimating methodology doesn't account for persons who begin work during the latter weeks of a month.) The university system alone accounted for more than 1,600 of the total 1,700 over-the-month rise. Over the year — from February to February — other state government employment rose in nearly every region.

All Alaska Regions Posted Growth

Once again, all regions of the state posted employment gains over their February 1988 levels. (See Table 2.) These gains were less than evenly distributed. Statewide employment rose by 2.4% over the year. This total gain was held down by the still weak performances of the Anchorage/MatSu and Interior regions. If the Anchorage/MatSu region were removed from the statewide employment figures, total growth would have amounted to 4.1%.

Anchorage/MatSu: Less than 1% Growth in February

Anchorage/MatSu employment rose by less than 1% during February. Although amounting to much less than most other regions, this meager, regional over-the-year growth is important. Two sectors have played significant roles in the Anchorage/MatSu turnaround, trade and services. These sectors' strength should continue; their employment gains will be augmented by mining industry growth. The February numbers showed increased employment in the Anchorage/MatSu mining industry. Additional mining jobs are expected during the rest of 1989.

The Interior: 3% Over-the-Year Growth

The Interior Region shares many of the same problems as Anchorage/MatSu. Although this region was less negatively affected during the recession than was the Anchorage/MatSu area, it still faced large employment declines and has experienced a slow comeback. The Interior Region did, though, pull out of the employment declines first, and it is now farther along to a more 'normal' employment growth rate. The region's February 1989 employment levels showed a 3% overall rise compared to its February '88 levels. Although the trade and service sectors posted some employment gains, the Transportation, Communication and Utilities (TCU) sector, together with the government sector, showed the largest gains over the year, both in percentage terms and in the absolute number of jobs.

Gulf Coast: 5.3% Employment Rise in February

The Gulf Coast Region was the strongest performer for over-the-year growth in February. Its 5.3% employment rise was spread over several industries. The rise wasn't limited to large gains in only one or two industries. While seafood processing employment increased by 200 for the year, four other major sectors also posted increases. The trade and service industries showed the greatest strength, followed by increases in state and local government. TCU industries, although down over the month, showed a small over-the-year gain to give the region 900 more jobs in February 1989 than it had in February of last year.

Mining Boosts Northern Region

Mining, which accounts for more than one-third of the jobs in the Northern Region, also recorded virtually all of the region's employment growth over the year. This bodes well for the region, stung by spending drops during the worst days of the oil price plunge. Job growth in government, the second major employer in the region, has been flat over the year. With concerns mounting about the lack of future government growth, new mining activity is welcome.

Southeast: 3.3% Over-the-Year Increase

Even with problematic weather, the Southeast region managed to show a 3.3% increase for the year. Although February's employment level set new records, job growth was held back by the large amounts of snow still covering much of the region. Logging operations had begun in the southern Southeast Region, but much of the northern areas were inaccessible to loggers. Some mills had delayed their usual February start ups. Interestingly, some state Job Service offices had been inundated in February with unemployed loggers; yet only a few weeks earlier there hadn't been an unemployed logger in the region.

Summary: State's February Employment Rose 2%

Although several natural factors were at work to hold down February's employment, the state still experienced a 2% rise for the month and a 2.4% increase in jobs compared to February 1988. Some gains came from seasonal industries, but also contributing to the employment hike was the underlying strength of many support industries. Showing increased employment over the year — from February 1988 to February 1989 — were the two regions hit hardest by the recession, Anchorage/MatSu and the Interior regions.

Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 2/89	r/ 1/89	2/88	p/ 2/89	r/ 1/89	2/88	p/ 2/89	r/ 1/89	2/88	p/ 2/89	r/ 1/89	2/88
Alaska Statewide	234,570	235,528	240,026	23,623	24,411	26,673	10.1%	10.4%	11.1%	210,947	211,117	213,353
Anch.-MatSu Region	122,494	124,265	127,644	9,957	10,728	12,090	8.1	8.6	9.5	112,537	113,537	115,554
Anchorage Borough	109,397	110,617	113,217	7,572	8,258	9,399	6.9	7.5	8.3	101,825	102,359	103,818
MatSu Borough	13,097	13,648	14,427	2,385	2,470	2,691	18.2	18.1	18.7	10,712	11,178	11,736
Gulf Coast Region	24,562	24,847	24,513	3,533	3,859	3,933	14.4	15.5	16.0	21,029	20,988	20,580
Kenai Peninsula Borough	15,587	15,772	15,547	2,660	2,870	2,896	17.1	18.2	18.6	12,927	12,902	12,651
Kodiak Island Borough	5,110	5,274	5,161	262	435	416	5.1	8.2	8.1	4,848	4,839	4,745
Valdez-Cordova	3,865	3,801	3,805	611	554	621	15.8	14.6	16.3	3,254	3,247	3,184
Interior Region	34,495	34,407	35,223	4,586	4,710	5,209	13.3	13.7	14.8	29,909	29,697	30,014
Fairbanks North Star Bor.	29,509	29,644	30,170	3,607	3,925	4,177	12.2	13.2	13.8	25,902	25,719	25,993
Southeast Fairbanks	2,075	2,017	2,095	390	344	404	18.8	17.1	19.3	1,685	1,673	1,691
Yukon-Koyukuk	2,911	2,746	2,958	589	441	628	20.2	16.1	21.2	2,322	2,305	2,330
Northern Region	8,141	7,929	8,035	817	726	735	10.0	9.2	9.1	7,324	7,203	7,300
Nome	3,088	3,016	3,031	358	330	310	11.6	10.9	10.2	2,730	2,686	2,721
North Slope Borough	2,930	2,839	2,861	197	152	137	6.7	5.4	4.8	2,733	2,687	2,724
Northwest Arctic Borough	2,123	2,074	2,143	262	244	288	12.3	11.8	13.4	1,861	1,830	1,855
Southeast Region	33,044	32,942	32,674	3,905	3,756	3,722	11.8	11.4	11.4	29,139	29,186	28,952
Haines Borough	831	830	861	117	115	152	14.1	13.9	17.7	714	715	709
Juneau Borough	14,285	14,331	14,163	969	994	934	6.8	6.9	6.6	13,316	13,337	13,229
Ketchikan Gateway Borough	6,132	6,259	6,034	797	915	733	13.0	14.6	12.1	5,335	5,344	5,301
Pr. of Wales-Outer Ketchikan	2,759	2,755	2,650	603	595	507	21.9	21.6	19.1	2,156	2,160	2,143
Sitka Borough	3,842	3,788	3,866	359	299	405	9.3	7.9	10.5	3,483	3,489	3,461
Skagway-Yakutat-Angoon	1,770	1,715	1,722	478	421	438	27.0	24.5	25.4	1,292	1,294	1,284
Wrangell-Petersburg	3,425	3,264	3,378	582	417	553	17.0	12.8	16.4	2,843	2,847	2,825
Southwest Region	11,834	11,138	11,937	825	632	984	7.0	5.7	8.2	11,009	10,506	10,953
Aleutian Islands	3,208	3,073	3,242	52	61	102	1.6	2.0	3.1	3,156	3,012	3,140
Bethel	4,507	4,188	4,503	364	234	381	8.1	5.6	8.5	4,143	3,954	4,122
Bristol Bay Borough	459	442	464	51	52	58	11.1	11.8	12.5	408	390	406
Dillingham	2,152	2,030	2,152	184	152	194	8.6	7.5	9.0	1,968	1,878	1,958
Wade Hampton	1,508	1,405	1,576	174	133	249	11.5	9.5	15.8	1,334	1,272	1,327

p/ denotes Preliminary Estimates   r/ denotes Revised Estimates   Benchmark: 1988

Notes:

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Source: Alaska Department of Labor, Research & Analysis

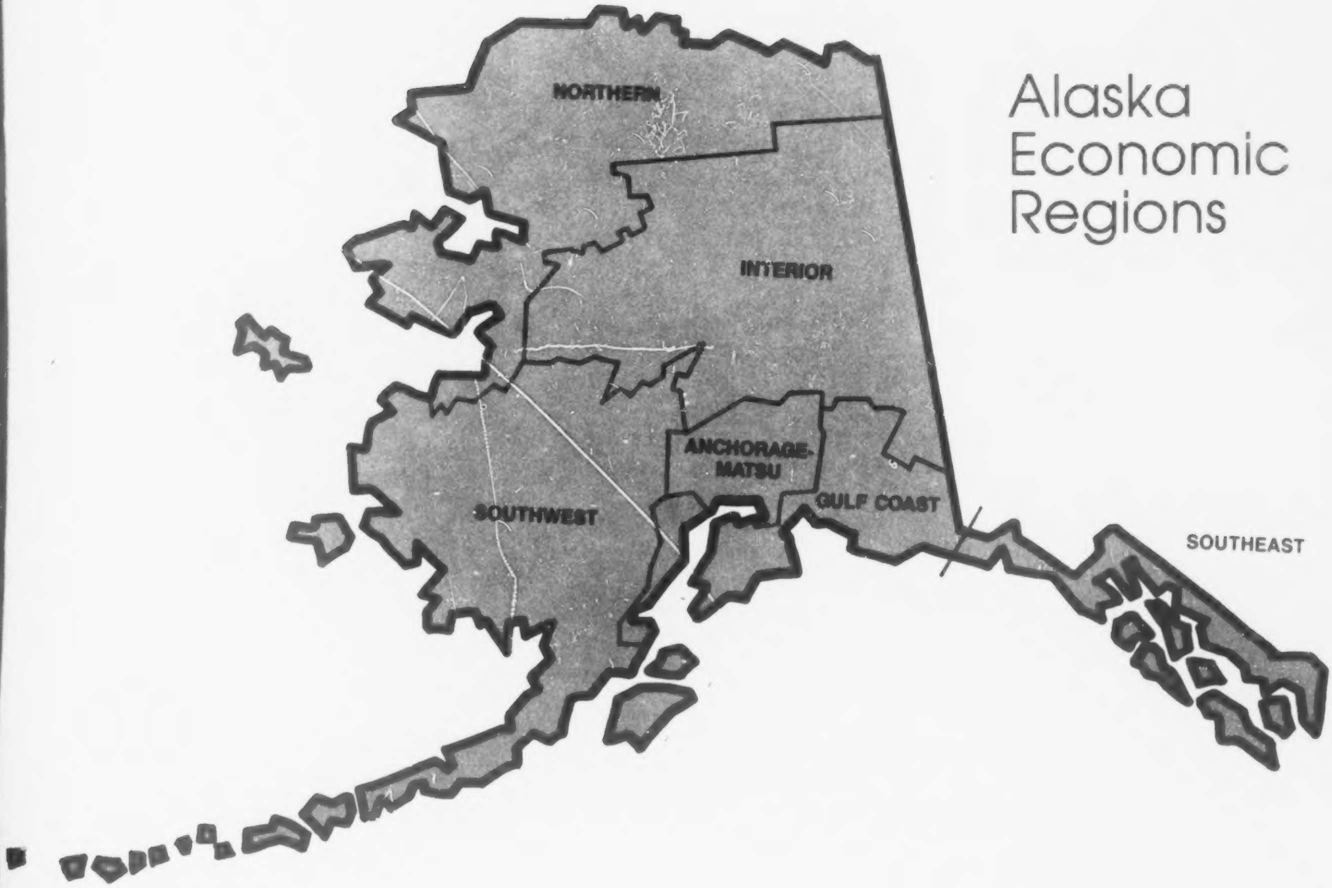
Newly Released DOL Publications

Available as of the last few weeks through the Alaska Department of Labor (DOL) Research & Analysis Section (R&A) are three issues of the *Statistical Quarterly*:

- *Statistical Quarterly 1st Quarter 1988*,
- *Statistical Quarterly 2nd Quarter 1988*, and
- *Statistical Quarterly 3rd Quarter 1988.*

Like the title reads, *Statistical Quarterly* is a quarterly publication of statistical tables which report in detail — by industry and census area — Alaska nonagricultural wage and salary employment and earnings.

Each of the three publications are available free from DOL R&A.



Alaska Economic Regions

NORTHERN
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SOUTHWEST
ANCHORAGE-MATSU
GULF COAST
SOUTHEAST

6/19/81 S0320-1B

ALASKA ECONOMIC TRENDS

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Analysis: Migration & Employment During Two Recent Recessions

A First for 1989: Double Digit Threshold Broken

Typical Characteristics of UI Claimants —1985 to 1988

ALASKA ECONOMIC TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

We welcome contributions on current economic issues from our readers. For a copy of our editorial policy contact the Editor, *Alaska Economic Trends*, Alaska Department of Labor, P.O. Box 25501, Juneau, Alaska 99802-5501, Telephone: (907) 465-4500.

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Cover Design by Jim Fowler

Typical Characteristics of UI Claimants – 1985 to 1988

By Thom Wylie

In Calendar Year 1988, just over 51,000 Alaskans received one or more weeks of Unemployment Insurance (UI) compensation.

Table 1 contains the most recent data available on the specific characteristics of these claimants — their sex, age, number of dependents, ethnic background, industry, occupation, income, and geographic area.

The Largest Proportion of Alaska's 1988 Claimants Lived in Anchorage

Table 1 also reports on the location of all claimants — by census area or census subarea, and by the local Alaska Job Service offices at which they filed claims. (Alaska has 12 local offices serving UI claimants. The Job Service's central office in Juneau processes most claims submitted by rural and out-of-state claimants.)

The largest proportion of 1988 claimants — over 24% — lived in Anchorage and filed through the Anchorage Job Service Office.

Twenty-three percent of all claimants were those filing from outside the state.

Rural residents filed over 14% of all 1988 claims.

Construction Industry's Decline Caused Dynamic Changes in UI Claimant Characteristics Between 1985 and 1988

Among those industries that experienced decline during the most recent recession it was the construction industry that was responsible for the most dynamic changes in UI claimant characteristics. (See Figure 1.)

Between 1985 and 1988, the most obvious changes in the characteristics of UI claimants showed up in six categories: number of claimants, industry, sex, earnings, race, and age.

Between 1985 and 1988 the total number of individuals claiming UI compensation declined by over 20% (nearly 13,000).

In these three years, the number of UI claimants who had been employed in the construction industry declined from 17,200-plus (in 1985) to nearly 9,200 (in 1988). Translated, this 8,000-plus decline represented a 62% drop in the share of all UI claimants since 1985.

Most 1988 claimants were:

- Male (over 63%),
- Between the ages of 25 and 44 (69%),
- Without dependents (over 62%), and
- White (over 77%).

Those claiming UI benefits last year had been employed most recently in:

- Service industries (21%),
- Construction industries (18%),
- Trade industries (over 17%).

By occupation, the greatest number of the 1988 jobless claiming UI compensation had been most recently employed as:

- Structural workers (27%), and
- Clerical and Sales workers (over 21%).

Among structural workers:

- Over 7,800 claimants were in construction occupations, and
- Over 2,100 claimants were in occupations related to excavating, grading and paving.

Among clerical and sales workers:

- Most claimants (over 3,500) were in computing and account recording

Most 1988 claimants' income from work covered by UI placed them at the low end of the income scale:

- Over 62% earned less than $20,000, and Over 30% of all claimants earned less than $10,000.

At the high end of the income scale:

- Less than 4% of all UI claimants (over 2,000) earned $50,000 or more.

Table 1

1988 UI Claimant Characteristics

Characteristics of claimants from all industries	All Claimants Calendar Year 1985 No.	All Claimants Calendar Year 1985 % of Total	All Claimants Calendar Year 1988 No.	All Claimants Calendar Year 1988 % of Total
TOTAL	63,991	100.0	51,002	100.0
SEX:				
Male	43,732	68.3	32,278	63.3
Female	20,259	31.7	18,724	36.7
AGE:				
Less than 21	2,218	3.5	1,348	2.6
21-24	7,641	11.9	4,311	8.5
25-34	25,864	40.4	20,229	39.7
35-44	15,173	23.7	14,965	29.3
45-54	7,398	11.6	6,905	13.5
55-64	3,658	5.7	2,723	5.3
65+	2,039	3.2	521	1.0
NUMBER OF DEPENDENTS:				
0	41,269	64.5	31,816	62.4
1	9,517	14.9	7,740	15.2
2	8,261	12.9	7,092	13.9
3+	4,944	7.7	4,354	8.5
ETHNIC BACKGROUND:				
Alaska Native/American Indian	8,012	12.5	7,037	13.8
Asian and Pacific Islander	1,630	2.5	1,665	3.3
Black	1,995	3.1	1,795	3.5
Hispanic	1,072	1.7	828	1.6
White	50,636	79.1	39,312	77.1
No Information	646	1.0	365	0.7
INDUSTRY:				
Ag., Forestry and Fishing	318	0.5	318	0.6
Mining	2,094	3.3	2,655	5.2
Oil and Gas	1,667	2.6	2,266	4.4
Other Mining	427	0.7	389	0.8
Contract Construction	17,247	27.0	9,199	18.0
Manufacturing	6,192	9.7	5,789	11.4
Food Products	3,539	5.5	3,489	6.8
Lumber and Wood Products	1,292	2.0	1,306	2.6
Paper Products	544	0.9	302	0.6
Other Manufacturing	817	1.3	692	1.4
Trans., Comm. and Utilities	5,568	8.7	3,878	7.6
Trade	10,219	16.0	8,811	17.3
Finance, Ins. and R.E.	2,283	3.6	2,457	4.8
Services	11,793	18.4	10,719	21.0
Public Administration	7,680	12.0	6,708	13.2
Unclassified	597	0.9	468	0.9
OCCUPATION:				
Ag., Forestry and Fishing	1,324	2.1	1,342	2.6
Benchwork	401	0.6	278	0.5
Clerical and Sales	12,072	18.9	10,988	21.5
Machine Trades	3,139	4.9	2,124	4.2
Processing	2,425	3.8	2,209	4.3
Prof., Tech. and Managerial	9,210	14.4	8,364	16.4
Service	7,217	11.3	6,239	12.2
Structural Work	20,871	32.6	13,787	27.0
Miscellaneous and Unknown	7,332	11.5	5,671	11.1

Characteristics of claimants from all industries	All Claimants Calendar Year 1985 No.	All Claimants Calendar Year 1985 % of Total	All Claimants Calendar Year 1988 No.	All Claimants Calendar Year 1988 % of Total
AVERAGE ANNUAL EARNINGS:				
$ 0- 999	9	0.0	2	0.0
1,000- 9,999	18,367	28.7	15,564	30.5
10,000-19,999	20,108	31.4	16,164	31.7
20,000-20,999	11,520	18.0	9,844	19.3
30,000-39,999	6,396	10.0	4,987	9.8
40,000-49,999	3,687	5.8	2,439	4.8
50,000-59,999	1,847	2.9	1,196	2.3
60,000-69,999	1,038	1.6	466	0.9
70,000-79,999	563	0.9	215	0.4
80,000-89,999	304	0.5	95	0.2
90,000+	152	0.2	30	0.1
GEOGRAPHIC LOCATION:				
Total	63,991	100.0	51,002	100.0
Aleutian Islands Census Area	118	0.2	153	0.3
Anchorage Borough	17,304	27.0	13,429	26.3
Bethel Census Area	859	1.3	614	1.2
Bristol Bay Borough	68	0.1	70	0.1
Dillingham Census Area	282	0.4	243	0.5
Fairbanks North Star Borough	7,603	11.9	5,995	11.8
Haines Borough	248	0.4	179	0.4
Juneau Borough	2,449	3.8	1,652	3.2
Kenai Peninsula Borough	4,374	6.8	4,188	8.2
Ketchikan Gateway Borough	1,551	2.4	1,193	2.3
Kobuk Census Area	469	0.7	464	0.9
Kodiak Island Borough	1,140	1.8	843	1.7
Matanuska-Susitna Borough	4,940	7.7	3,741	7.3
Nome Census Area	649	1.0	613	1.2
North Slope Borough	435	0.7	231	0.5
Prince of Wales-Outer Ketch.	797	1.2	740	1.5
Sitka Borough	967	1.5	579	1.1
Skagway-Yakutat-Angoon Census Area	575	0.9	563	1.1
Southeast Fairbanks	565	0.9	506	1.0
Valdez-Cordova Census Area	831	1.3	772	1.5
Wade Hampton Census Area	377	0.6	321	0.6
Wrangell-Petersburg	881	1.4	704	1.4
Yukon-Koyukuk Census Area	1,037	1.6	845	1.7
Total In-State	48,519	75.8	38,638	75.8
Total Out-of-State	15,472	24.2	12,364	24.2
LOCAL OFFICE:				
Total	63,991	100.0	51,002	100.0
Anchorage	17,386	27.2	12,415	24.3
Central - Interstate Claims	14,577	22.8	11,702	22.9
Central - Mail Claims	10,145	15.9	7,395	14.5
Eagle River	¹/	¹/	1,444	2.8
Fairbanks	7,647	12.0	6,019	11.8
Homer	¹/	¹/	792	1.6
Juneau	2,448	3.8	1,658	3.3
Kenai	3,042	4.8	2,750	5.4
Ketchikan	1,435	2.2	1,120	2.2
Kodiak	1,032	1.6	782	1.5
Matanuska-Susitna	4,704	7.4	3,582	7.0
Seward	607	0.9	527	1.0
Sitka	968	1.5	583	1.1
Valdez	¹/	¹/	233	0.5

Note: ¹/ – These local offices were not in operation in 1985.

Source: Alaska Department of Labor, Research & Analysis, 1985 and 1988. RESP 8003, Claimant Characteristics Tape, Calendar Year 1985 and 1988.

For the sake of comparison, the service sector sustained a decline of only 1,000-plus claimants over the past three years, which amounted to about 8% of the total decline.

As Figure 2 illustrates, the number of male and female claimants has moved 10 full percentage points towards one another between 1985 and 1988.

While this change partly indicates growing numbers of women in the work force (and also their subsequent claims to UI benefits), the rising proportion of females is more a result of the large loss of male jobs (and claimants) due to the construction industry's decline. (See Figure 3.)

The number of male UI claimants from the construction industry fell from over 16,200 in 1985 to 8,500-plus in 1988. This drop of 7,600-plus claimants accounted for more than two-thirds of the total decline in male claimants during this three-year period. (See Table 2 for further detail on the characteristics of UI claimants from the construction industry.)

In 1988 there were proportionately fewer claimants (compared to those in 1985) whose 'base period earnings' were over $50,000. (Defined, 'base period earnings' are earnings gained during the first four quarters of those five quarters which occurred prior to an individual's initial application for UI compensation.) Of the 1,900 fewer claimants in this earnings category, 74% (over 1,400) had been employed in the construction industry. (See Figure 3.)

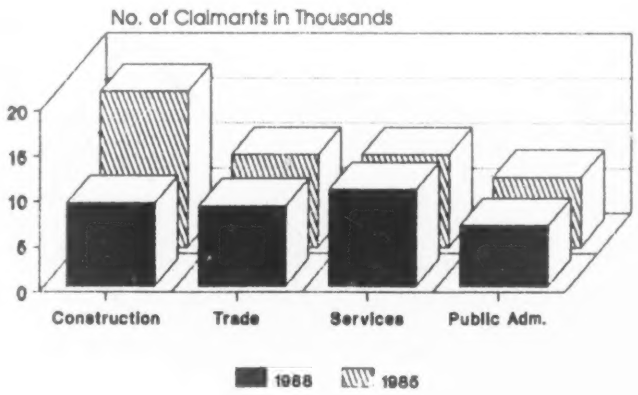
Natives' Share of Total Claims Rose Between 1985 and 1988

The racial mix of UI claimants has also changed in the last three years. Alaska natives have increased their share of total claimant numbers. Although the number of both native and white claimants has lessened, whites' UI claims have decreased at nearly twice the rate as that of Alaska natives.

The primary reason for the 11,300-plus drop in white UI claims is due to the construction industry decline. The construction industry's 1985 white claimants numbered over 15,000; the industry's 1988 white claimants numbered only 8,004. This drop accounts for 62.4% of the total decline in the number of whites claiming UI since 1985. (See Figure 4.)

Figure 1

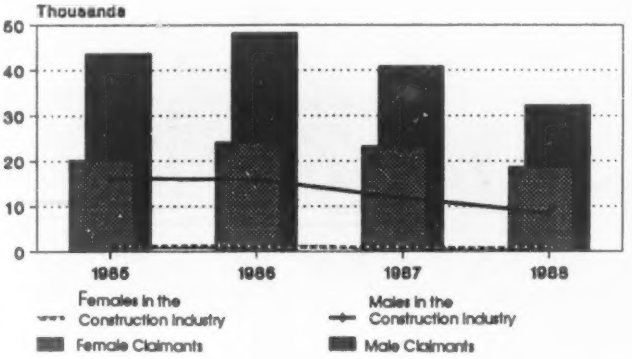
UI Claimant Characteristics Among the Four Leading Industries of 1985



Source: Alaska Department of Labor, Research & Analysis

Figure 2

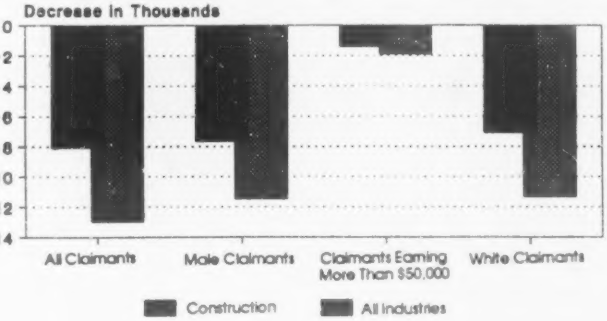
UI Claimants, Male & Female, 1985-1988



Source: Alaska Department of Labor, Research & Analysis

Figure 3

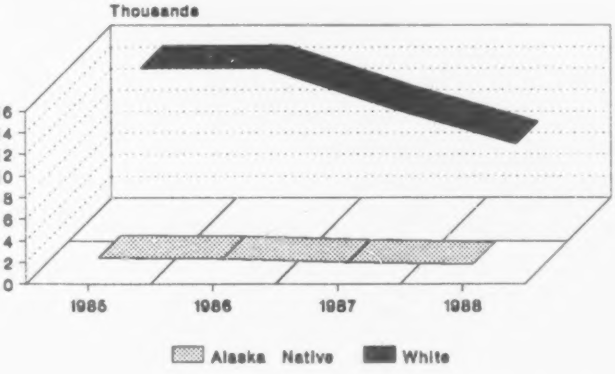
Total Decline in Claimants – Construction & All Industries, 1985 to 1988



Source: Alaska Department of Labor, Research & Analysis

Figure 4

Claimant Characteristics – Construction Industry by Race



Source: Alaska Department of Labor, Research & Analysis

Changes in claimants' ages between 1985 and 1988 also prove interesting. Although their total numbers have dropped slightly, the number of claimants aged 35 to 54 has grown in proportion to the whole. This is true for the general claimant population and for construction industry claimants. The percentage of construction industry claimants in this age group grew from 41.2% in 1985 to 49.7% in 1988.

Future Claimant Characteristic Changes Will Come More Slowly

Without doubt the most recent recession and its effects on Alaska's construction industry carries nearly all responsibility for the way claimant characteristics have changed during the past four years.

If employment within the construction industry continues to decline in relation to other Alaska industries, then current trends will also continue.

However, if the price of oil rebounds sufficiently, there could develop a large rise in the state's capital construction budget, and with that an elimination of some regions' housing surpluses. If this scenario were to occur, the construction industry could be rebuilt, and recent claimant characteristic trends could stabilize or reverse.

Either way, future changes in UI claimant characteristics will occur less rapidly than the changes of recent years.

About the Author:

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Table 2

1988 Characteristics of UI Claimants from the Construction Industry

Characteristics of claimants from all industries	All Claimants Calendar Year 1985 No.	All Claimants Calendar Year 1985 % of Total	All Claimants Calendar Year 1988 No.	All Claimants Calendar Year 1988 % of Total
TOTAL	17,247	100.0	9,199	100.0
SEX:				
Male	16,205	94.0	8,557	93.0
Female	1,042	6.0	642	7.0
AGE:				
Less than 21	373	2.2	109	1.2
21-24	1,431	8.3	423	4.6
25-34	6,656	38.6	3,524	38.3
35-44	4,596	26.6	3,113	33.8
45-54	2,522	14.6	1,461	15.9
55-64	1,204	7.0	505	5.5
65+	465	2.7	64	0.7
NUMBER OF DEPENDENTS:				
0	10,584	61.4	5,311	57.7
1	2,540	14.7	1,362	14.8
2	2,543	14.7	1,495	16.3
3+	1,580	9.2	1,031	11.2
ETHNIC BACKGROUND:				
Alaska Native/American Indian	1,479	8.6	864	9.4
Asian and Pacific Islander	89	0.5	38	0.4
Black	260	1.5	128	1.4
Hispanic	213	1.2	129	1.4
White	15,070	87.4	8,004	87.0
No Information	136	0.8	36	0.4

Characteristics of claimants from all industries	All Claimants Calendar Year 1985 No.	All Claimants Calendar Year 1985 % of Total	All Claimants Calendar Year 1988 No.	All Claimants Calendar Year 1988 % of Total
AVERAGE ANNUAL EARNINGS:				
$ 0- 999	8	0.0	0	0.0
1,000- 9,999	2,470	14.3	1,496	16.3
10,000-19,999	4,289	24.9	2,466	26.8
20,000-20,999	3,786	22.0	2,218	24.1
30,000-39,999	2,677	15.5	1,397	15.2
40,000-49,999	1,827	10.6	844	9.2
50,000-59,999	1,035	6.0	485	5.3
60,000-69,999	543	3.1	181	2.0
70,000-79,999	319	1.8	76	0.8
80,000-89,999	187	1.1	23	0.3
90,000+	106	0.6	13	0.1
LOCAL OFFICE:				
Total	17,247	100.0	9,199	100.0
Anchorage	4,838	28.1	2,511	27.3
Central - Interstate Claims	3,277	19.0	1,363	14.8
Central - Mail Claims	2,055	11.9	905	9.8
Eagle River	/[1]	/[1]	377	4.1
Fairbanks	3,116	18.1	1,698	18.5
Homer	/[1]	/[1]	175	1.9
Juneau	550	3.2	254	2.8
Kenai	991	5.7	557	6.1
Ketchikan	261	1.5	124	1.3
Kodiak	188	1.1	90	1.0
Matanuska-Susitna	1,712	9.9	947	10.3
Seward	107	0.6	72	0.8
Sitka	152	0.9	95	1.0
Valdez	/[1]	/[1]	31	0.3

Note: /[1] – These local offices were not in operation in 1985.

Source: Alaska Department of Labor, Research & Analysis, 1985 and 1988. RESP 8003, Claimant Characteristics Tape, Calendar Year 1985 and 1988.

Analysis: Migration & Employment During Two Recent Recessions

A look at insured unemployment trends and Alaska's economy.

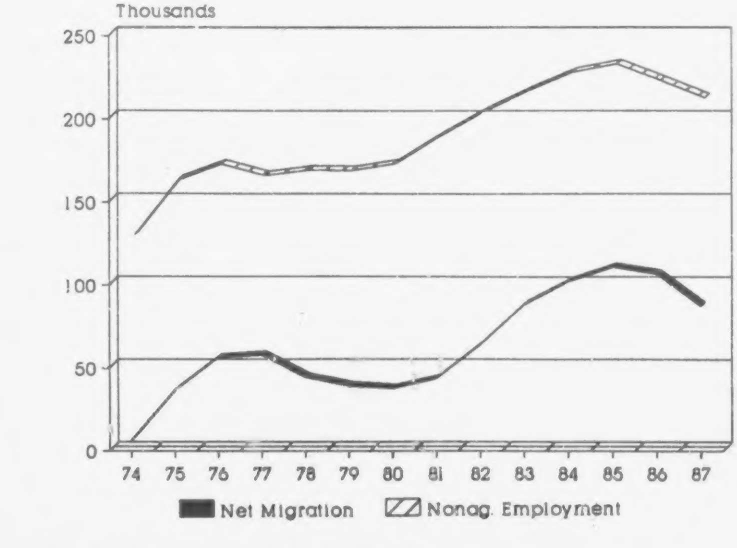
By Brian N. Rae

There are numerous sets of economic data available which gauge the health of the Alaska economy. The monthly industry employment estimates reported in *Alaska Economic Trends* are one such indicator. The unemployment rate series are another way to measure the economy's strength. An additional measure is provided by studying the characteristics of unemployed workers who apply for Unemployment Insurance (UI) compensation.

Examining the records of those who receive unemployment benefits provides insight into the Alaska economy because 90 percent of working Alaskans are covered by the UI system. Alaska's unemployment system operates like an insurance policy; accounts are opened for all employed in jobs covered by the system. [1] As a result, there exists detailed information about the unemployed covered by UI.

Figure 1

Alaska Employment and Migration, 1974-1987



Source: Alaska Department of Labor, Research & Analysis

About one-half of Alaska's unemployed are covered by unemployment insurance. Those unemployed excluded from this analysis of the state UI system include:

- New workers entering or re-entering the labor force,
- Self-employed individuals, and
- Workers in industries not covered by unemployment insurance. (In Alaska, fish harvesters are the largest group of employees not covered by UI.)

Workers fitting into any one of these three categories could be considered unemployed. They are excluded, though, from this analysis which uses only UI benefit information as a data base.

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[1] For additional information on the UI system see the February 1989 issue of *Alaska Economic Trends*.

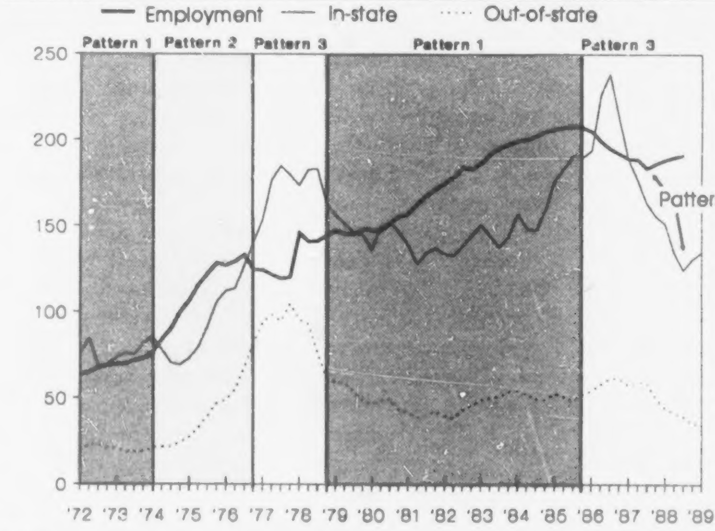
This article focuses on how migration and employment impact the change in levels of UI claimants, with particular emphasis paid to the two most recent recessions.

Data Available from UI Files:

Excluding special surveys, the only way to identify industries in which unemployed persons were last employed is through information obtained from UI files. [2] UI files also provide insight into migration patterns of those receiving unemployment insurance benefits. This insight is made possible by analyzing the numbers of UI checks mailed to in-state addresses as opposed to those mailed out of state. [3]

Figure 2

Covered Employment and Weeks Claimed — 1st Quarter 1972 through 1st Quarter 1989



Source: Alaska Department of Labor, Research & Analysis

Alaska Since 1972: Three Types of Employment Patterns

Alaska has had a history of rapid growth, both in our population and our economy, punctuated by periods of short but severe declines. During good economic times, Alaska's employment gains led the nation on a percentage basis. During these same times, Alaska's net migration rates were the highest in the nation. [4] As shown in Figure 1, Alaska's migration and employment closely paralleled each other in recent years. Both of these factors have played a large role in the number and destination of Alaska UI checks.

Figure 2 shows the level of seasonally adjusted covered employment, [5] and the number of benefit weeks claimed [6] both in-state and out-of-state. The movements of these three components suggest certain relationships among them.

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[2] Neither the published unemployment rate series nor analysis of the unemployment insurance files can provide an industry unemployment rate. Because workers are free to work in any industry, no such rate can be created.

[3] In-state weeks: The total number of weeks claimed by or paid a claimant who worked in Alaska and still lives in the state.

Out-of-state weeks: The number of weeks claimed by or paid a claimant who worked in Alaska but now lives in another state.

[4] Net migration is the difference between the number of persons moving into an area and the number of persons leaving an area. The result can be either positive or negative. Cumulative net migration, shown in Figure 1, sums net migration over several time periods. Upward sloping lines indicate positive net migration between two time periods; downward sloping lines indicate negative net migration.

[5] Covered employment: The number of persons employed in jobs eligible to receive benefits under the UI system. Approximately 90 percent of all employed Alaskans work in such jobs.

[6] After an initial filing, an unemployed person can apply for a week of unemployment insurance. The number of weeks claimed is a tally of UI benefit weeks reported by all applicants. The tally does not differentiate between those claims found eligible or ineligible. (An applicant might be found ineligible for various reasons.)

Weeks paid is a subset of the weeks claimed data. Weeks paid data include only the number of UI benefit payments actually disbursed. The percentage of weeks paid to weeks claimed is usually consistent.

The employment patterns illustrated in Figure 2 can be separated into three different types:

- 1st Pattern: Steady Growth — Periods in which Alaska's economy is experiencing sustained employment increases. During these times the Alaska economy is not experiencing any economic shocks which would cause employment to shift dramatically. In Figure 2, those periods of time which can be characterized as steady growth are most of 1972-1974, and between mid-1978 and mid-1985.
- 2nd Pattern: Accelerated Growth — This occurred during the pipeline construction employment boom period from 1974 through 1976.
- 3rd Pattern: Recessions — The first recessionary period began in late 1976 (as pipeline construction slowed) and continued through mid-1978. The second recession began in late 1985 with a downturn in the business cycle, and escalated into a full-scale recession in 1986 with the drop in world oil prices.

The Three Employment Patterns Affected UI Claims Differently

Several relationships exist between in-state UI weeks claimed and employment levels. Changes in employment will normally precede changes in UI weeks claimed because employment levels affect the number of UI weeks claimed. If employment levels are steady (either showing no change or changing at a constant rate), UI weeks claimed are relatively stable. This relationship is evident in Figure 2 during the 1st Pattern periods of 1972-1974 and mid-1978 through 1985.

When Employment Is Growing . . .

If employment growth is accelerating, the relationship between UI claims and employment growth is altered. Initially, UI weeks claimed fall as employment growth accelerates, a negative correlation. New job opportunities lower the number of persons on the UI rosters, and therefore the number of weeks claimed is also lowered. This negative relationship is short-lived however. Increased employment and demand for more workers soon attracts new persons to the state. (See Figure 1.) This development offsets the initial decline in weeks claimed, and the employment rate and the number of weeks claimed are soon parallel. [7] Exemplifying this relationship is the 2nd Pattern of Figure 2, which covers 1974 through 1976.

When Employment Growth Subsides . . .

When employment growth decreases as it does during recessions, the number of UI weeks claimed increase sharply. Such movements are shown in the 3rd Pattern. Employment and weeks claimed move in opposite directions for two to three quarters. Then the number of weeks claimed begins to decrease. Some of this can be attributed to unemployed workers finding jobs, a development which decreases the number of UI payments. Since UI benefits have a set duration (usually between 16 and 39 weeks), even those who don't find jobs are eventually unable to claim benefits, causing the number of weeks claimed to drop again.

Migration Affects UI Claims, Too

Migration out of state can expedite the downward movement in UI payments. Various barriers (such as the inability to sell a home) cause some to remain in-state for awhile after having become unemployed. Still, if local jobs are unavailable, a certain percentage of people are forced to move, often to other states with stronger economies. If these unemployed people succeed in finding jobs out of state, they too are removed from the UI roster.

After employment levels stop falling, the economy reaches a new equilibrium, and a positive correlation again surfaces between the number of weeks claimed and employment.

Two Recent Recessions: Similarities and Dissimilarities

The two recent recessionary declines, which began in 1976 and in 1985, shared in common some characteristics. [8] In both, net migration closely paralleled the level of employment. (See Figure 1.) Also, both recessions were preceded by impressive growth in employment related to the oil industry, the first directly and the second only somewhat less directly.

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[7] A concept known as the 'natural rate of unemployment' explains why the number of unemployed (and therefore weeks claimed) will increase even as employment rises. The rationale is that a certain portion of persons will always be between jobs. As the number of employed workers increases, so too does the number of unemployed persons.

[8] Although the pipeline was not completed until mid-1977, pipeline related construction employment peaked in 1976. The UI system was affected earlier — than was the overall Alaska economy — by worker layoffs. For the purposes of UI data analysis, the last quarters of 1976 marked the beginning of the post-pipeline construction employment decline.

However, there are several significant differences between these two recessions. One distinction is the industry composition of the workforces. In the 1970s, many who moved to Alaska to work on the pipeline were employed in the construction industry. Most of these workers had little intention of remaining in the state after the pipeline's completion — a normal characteristic in construction employment. Thus, large employment gains were expected to be followed by large employment declines.

The more recent recession came as a surprise to many workers. Most of those who lost their jobs had no idea they were at risk of becoming unemployed. Few had plans to leave the state. Substantiating this point are the different patterns in weeks claimed by in-state and out-of-state claimants. (See Figure 2.)

During the pipeline construction employment downturn, the number of both in-state and out-of-state claims initially rose dramatically. As employment again showed growth at the end of 1977, the number of weeks claimed began to drop. Both in-state and out-of-state weeks paid continued to decline until early 1980. (Notice in Figure 2 that the two weeks claimed lines nearly parallel each other during this period.)

In the recent recession, in-state weeks claimed shows movements similar to the post-pipeline bust — a sharp initial rise followed by an equally rapid decline. Out-of-state weeks, however, showed little increase during the recent recession (unlike the movements during the prior economic downturn). Much of this divergence can be explained by analyzing different industries' number of weeks claimed.

Figure 3

In-state Weeks Paid by Industry, 1970-1988

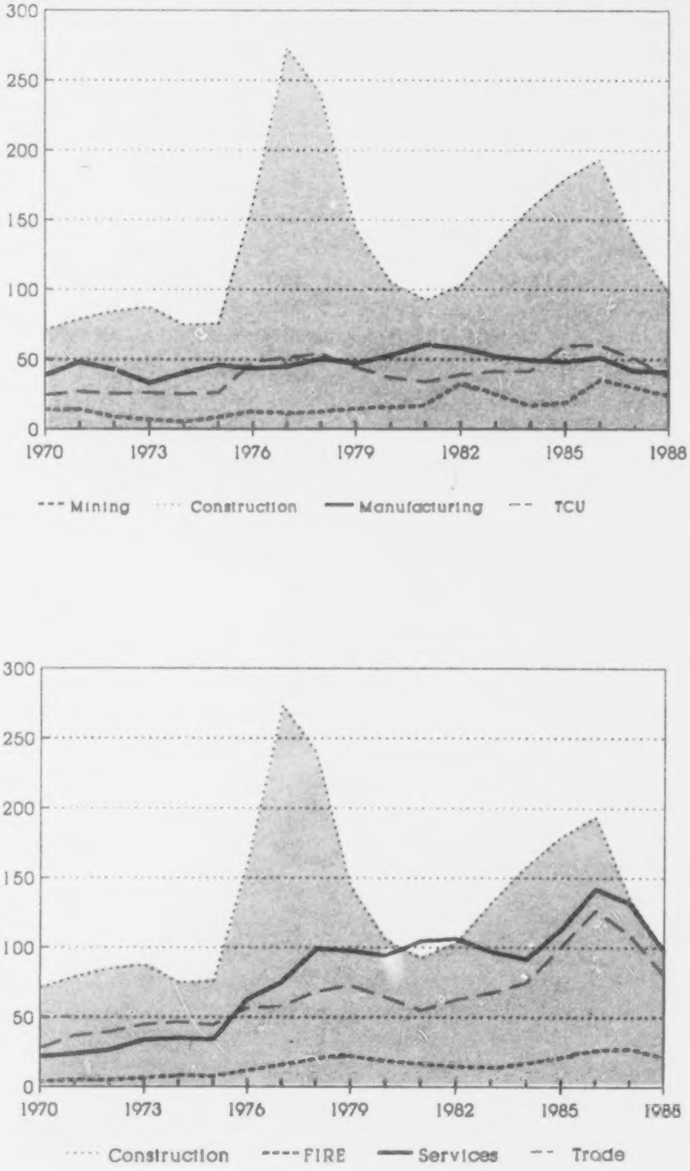
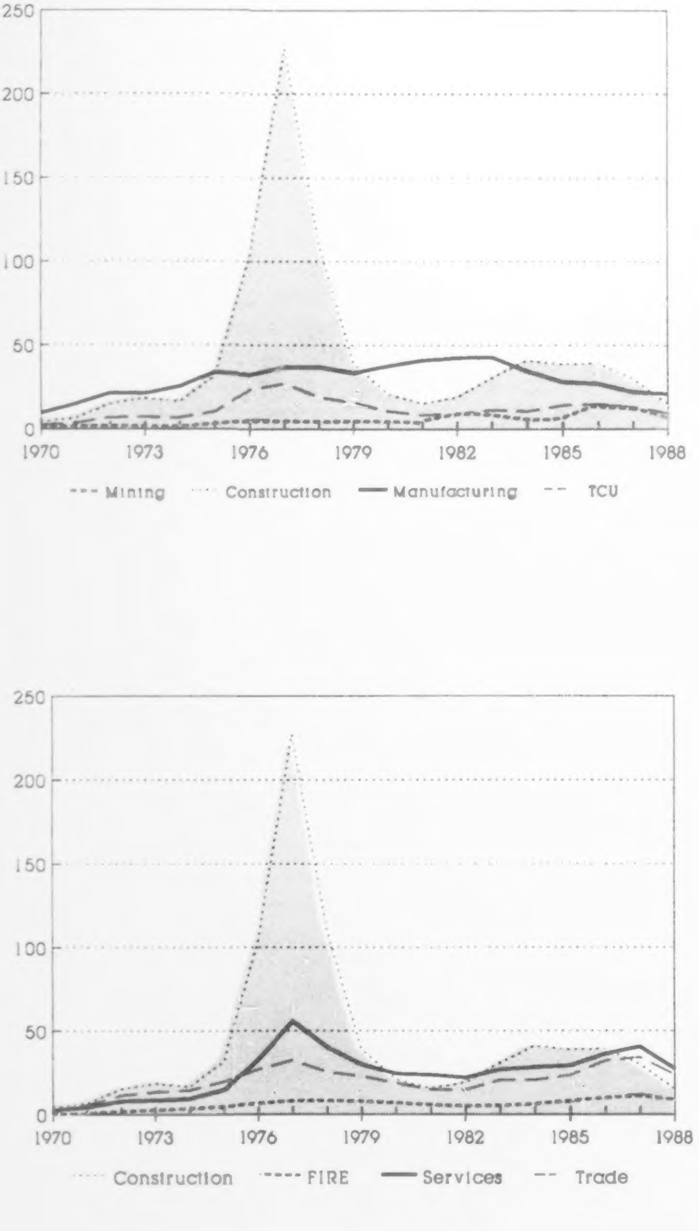


Figure 4

Out-of-state Weeks Paid by Industry, 1970-1988



Source: Alaska Department of Labor, Research & Analysis

On Construction and In-state & Out-of-state Weeks Paid:

The construction industry sustained large employment declines during both of the aforementioned economic downturns. The industry almost single-handedly accounted for the two periods' different patterns in the in-state and out-of-state weeks paid.

Figure 3 shows for certain industries a breakout of the number of in-state weeks paid. It's clear that the construction industry was most affected by the completion of the pipeline. Other industries were also affected (mainly those in the services, trade, and transportation, communication and utilities sectors), but to a much lesser degree than construction.

The number of in-state weeks paid by those formerly employed in construction dropped to a low in 1981, at which point it again rose sharply. Unlike the post-pipeline employment decline, this upward movement occurred during a time when the Alaska economy was posting steady growth. Employment was rising in the construction industry during much of this time.

Three factors caused this rise in the number of in-state weeks paid: the highly seasonal nature of construction employment, normal job turnover, and increasing employment. This development in the construction industry was unlike most other industries; most other industries' number of weeks paid remained constant until the economic decline beginning in late 1985.

Figure 4 shows the number of out-of-state weeks paid by those same industries listed in Figure 3. In the out-of-state weeks paid category, it was the construction industry which was once again affected most by the post-pipeline construction crash. Additionally, there was some rise in out-of-state payments attributed to the same industries which showed increases in in-state payments.

The construction industry, although still quite depressed during the more recent recession, had little impact on out-of-state weeks paid. Considering the large rise in in-state payments for this industry, the out-of-state weeks paid number was extremely low.

One major factor contributed to the construction industry's vastly different levels of out-of-state weeks paid during these two periods. The number of specially skilled construction workers living in Alaska during the 1970s was much less than what was needed to build the pipeline. Many workers from other states came to Alaska with the intent of returning home when the work was completed. In recent years, however, the supply of resident construction workers has usually been sufficient to meet the demand. In the early 1980s, the industry sustained a downturn before most other sectors of the economy, and, furthermore, its employment gains lagged behind those of most other industries.

In 1986 and 1987, some industries — especially those in trade, services, FIRE and mining — showed significant percentage increases in out-of-state payments. Still, this rise was very small compared to the total number of out-of-state weeks paid. (See Figure 2.) The number of out-of-state weeks claimed for 1986 and 1987 comprised a smaller portion of total claims in those years as a result of steady increases — from 1980 on — in employment and in-state weeks claimed.

UI Data Helps Confirm the End of the Recession

During the more recent recession, covered employment reached its lowest level during the third quarter of 1987. Since that time, rising employment levels have been used to indicate the end of the recent recession. UI information has supported this assertion.

If the historic relationship between in-state weeks claimed and employment holds constant, the 1988-89 rise in UI weeks claimed (as shown in Figure 2) indicates a return to the more steady employment levels associated with the aforementioned 1st Pattern.

Conclusion

Analyses of unemployment insurance records point out several differences between the two recent Alaska recessions. The post-pipeline construction recession was characterized by a very high portion of unemployment benefits being mailed to out-of-state addresses. The more recent recession caused a significant rise in benefit weeks claimed, nearly all of which came from in-state claimants.

Industry breakouts of claimants show the more recent recession to be much broader based than the post-pipeline construction downturn. Nearly every industry exhibited significant increases in claims. This wasn't the case during the earlier recession. The construction industry accounted for a much larger share of the number of weeks paid during the post-pipeline construction downturn than during the more recent recession.

Finally, the recent rise in in-state weeks claimed, a development which was preceded by employment gains beginning in late 1987, concur with the early stages of steady employment growth. This strengthens assertions that Alaska's most recent recession is indeed over.

About the Author:

Brian Rae is a labor economist employed four years with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

A First for 1989: Double Digit Threshold Broken

By John Boucher

In March, the statewide unemployment rate dropped below the double digit level for the first time in 1989. The rate declined six-tenths of one percentage point in March, falling to 9.5% unemployed. Translated, this 9.5% rate means there were more than 22,000 jobless Alaskans during the month of March. (See Table 5.)

March Estimates Exclude Oil Spill Effects

The employment and unemployment estimates for March don't include any employment changes caused by the Exxon Valdez oil spill. (The monthly estimates are based on a sample of employers who provide payroll data for the pay period that includes the 12th of the month. For most employers in the sample, the oil spill occurred after the close of the payroll that included March 12.) Because of the timing of the oil spill, March 24, most of the newly created employment associated with it will initially appear in the April estimates.

The short- and projected long-term economic effects of the oil spill disaster will be the partial subject of an article published in the July issue of Alaska Economic Trends.

Seasonal Male Workers Returned to Work

The primary reason for the drop in the March unemployment rate was males returning to work in some of Alaska's seasonal industries. This development was indicated by 'March Unemployment Weeks Claimed' data. ('March Unemployed Weeks Claimed' is defined as the number of people claiming unemployment insurance benefits during the week of March 12.)

Alaska's seasonal industries — particularly those in construction, mining and timber — tend to employ more males than less seasonal industries, such as those in the trade, government and service sectors. When seasonal industries geared up in March for the summer season, unemployed males went back to work, causing Alaska's overall unemployment rate to drop.

Because there is a tendency for a high percentage of males to be unemployed during the winter months, Alaska's annual average unemployment rate is higher for males than for females. In 1988, for example, the unemployment rate for males was 10.4 percent, while the unemployment rate for females was 8.1 percent.

Compared to the other 49 states, Alaska is unique with respect to the high percentage of male unemployment. Many states' 1988 male unemployment rates were slightly higher than their female rates. Alaska, though, had a greater spread between male and female unemployment rates than virtually all other states. (See Table 1.) This indicates that Alaska males experience more difficulty maintaining year-round employment than do their counterparts working in all other states. Again, the main reason for this phenomena is the high percentage of male participation in seasonal industries.

March Employment Gains Led by Manufacturing

The manufacturing industry gained the greatest amount of employment during March. Fueling the gains were heavy doses of wood products and seafood processing jobs. (See Table 2.)

Alaskans in the Southeast Region enjoyed most of the manufacturing job gains. Southeast spring crab and herring openings were responsible for added seafood processing employment. Meanwhile, the timber industry shook off ill effects of heavy snowfall and cold temperatures during the winter, adding nearly 600 logging jobs. Added employment of loggers came none to soon for the region, what with the Wrangell sawmill having closed in late March due to a lack of logs and a problem with waste disposal. The effects of the mill's closure is not reflected in the March estimates because of its late March closure.

Southeast's harsh 1988-89 winter and the resultant shortage of material to process is taking a toll on employment in the wood products industries. Industry employment counts are off 24% compared to record levels of one year ago. (See Table 3.) As the summer progresses, however, employment counts will likely approach those of one year ago.

Table 1

Male, Female & Total Unemployment Rates for Each State and Washington, D.C. - 1988

(Ranked by Total Unemployment Rate)

		Total Unemployment	Male Unemployment	Female Unemployment	Difference: (Male less Female)
1	Louisiana	10.9%	11.1%	10.6%	0.5%
2	West Virginia	9.9	10.5	9.2	1.3
3	ALASKA	9.3	10.4	8.1	2.3
4	Mississippi	8.4	7.4	9.7	-2.3
5	Kentucky	7.9	7.3	8.5	-1.2
6	New Mexico	7.8	7.9	7.6	0.3
7	Arkansas	7.7	6.6	9.0	-2.4
8	Michigan	7.6	7.8	7.3	0.5
9	Texas	7.3	7.1	7.5	-0.4
10	Alabama	7.2	6.3	8.4	-2.1
11	Illinois	6.8	7.0	6.6	0.4
11	Montana	6.8	6.9	6.6	0.3
13	Oklahoma	6.7	6.8	6.5	0.3
14	Colorado	6.4	6.7	6.0	0.7
15	Wyoming	6.3	6.8	5.7	1.1
15	Arizona	6.3	6.7	5.7	1
17	Washington	6.2	6.3	6.0	0.3
18	Ohio	6.0	6.3	5.7	0.6
19	Idaho	5.8	6.0	5.6	0.4
19	Oregon	5.8	5.6	6.1	-0.5
19	Tennessee	5.8	5.4	6.3	-0.9
19	Georgia	5.8	5.2	6.5	-1.3
23	Missouri	5.7	5.4	6.0	-0.6
24	Indiana	5.3	5.4	5.2	0.2
24	California	5.3	5.4	5.1	0.3
26	Nevada	5.2	5.8	4.4	1.4
27	Pennsylvania	5.1	5.2	4.9	0.3
28	District of Columbia	5.0	5.2	4.7	0.5
28	Florida	5.0	4.5	5.6	-1.1
30	Utah	4.9	4.7	5.1	-0.4
31	North Dakota	4.8	4.8	4.8	0
31	Kansas	4.8	4.4	5.2	-0.8
33	Iowa	4.5	4.5	4.5	0
33	South Carolina	4.5	3.8	5.4	-1.6
33	Maryland	4.5	3.7	5.3	-1.6
36	Wisconsin	4.3	4.5	3.9	0.6
37	New York	4.2	4.4	3.9	0.5
38	Minnesota	4.0	3.7	4.4	-0.7
39	South Dakota	3.9	4.0	3.9	0.1
39	Virginia	3.9	3.3	4.6	-1.3
41	New Jersey	3.8	3.8	3.9	-0.1
41	Maine	3.8	3.7	3.8	-0.1
43	Nebraska	3.6	3.4	3.8	-0.4
43	North Carolina	3.6	3.1	4.2	-1.1
45	Massachusetts	3.3	3.4	3.1	0.3
46	Hawaii	3.2	3.4	3.0	0.4
46	Delaware	3.2	3.4	2.9	0.5
48	Rhode Island	3.1	3.3	2.8	0.5
49	Connecticut	3.0	3.5	2.3	1.2
50	Vermont	2.8	2.7	2.9	-0.2
51	New Hampshire	2.4	2.1	2.9	-0.8

Sources: (Preliminary information from) *Geographic Profile of Employment and Unemployment, 1988*
U.S. Dept. of Labor, Bureau of Labor Statistics

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 3/89	r/ 2/89	3/88	Changes from: 2/89	 3/88
Nonag. Wage & Salary	206,900	203,600	202,300	3,300	4,600
Mining	10,000	9,800	9,100	200	900
Construction	6,500	6,100	7,000	400	-500
Manufacturing	12,100	10,800	11,900	1,300	200
Seafood Processing	6,000	5,300	5,700	700	300
Lumber & Paper Products	2,900	2,300	3,100	600	-200
All Other Manufacturing	3,200	3,200	3,100	0	100
Trans., Comm., & Utilities	16,500	16,300	16,500	200	0
Trucking & Warehousing	2,200	2,100	2,300	100	-100
Water Transportation	1,000	800	900	200	100
Air Transportation	5,200	5,200	5,100	0	100
Communications	3,100	3,200	3,300	-100	-200
All Other Transportation	5,000	5,000	4,900	0	100
Trade	40,100	39,700	39,100	400	1,000
Wholesale	7,200	7,100	7,000	100	200
Retail	32,900	32,600	32,100	300	800
General Merch. & Apparel	4,800	4,700	4,600	100	200
Food Stores	6,000	5,800	5,900	200	100
Eating & Drinking Places	11,900	11,900	11,700	0	200
All Other Retail	10,200	10,200	9,900	0	300
Finance, Insurance & Real Estate	10,600	10,600	10,800	0	-200
Services	42,200	41,900	41,100	300	1,100
Hotels & Other Lodging	3,900	3,900	3,900	0	0
Government	68,900	68,400	66,800	500	2,100
Federal	17,400	17,400	17,500	0	-100
State	20,700	20,600	19,500	100	1,200
Local	30,800	30,400	29,800	400	1,000

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis.

Red Dog Boosts Northern Construction

The construction industry statewide also showed signs of awakening from its winter slumber, gaining 400 jobs in March. Nearly one-third of the employment gain was related to continuing construction of the Red Dog mine near Kotzebue. Adding a lesser number of construction jobs during March was the state's other high profile project, the Bradley Lake hydroelectric dam near Homer.

Southeast construction employment grew by more than 10% during the month. The gains were broad based and not attributable to any one single project. Other regions' construction industry employment gains were relatively small, and generally related to improving weather conditions.

Mining — A Job Growth Leader

Higher oil prices and a resurgence in the minerals market continue to impact Alaska's mining industry. There were 10 percent more mining industry jobs this past March than there had been in March 1988. Contributing heavily to this job gain has been Alaska's oil field services sector which has increased its exploration and development activity on the North Slope.

Services and Trade Industries Post Slight Gains

The trade and service support sectors both posted broad based employment gains in March. Added service sector employment occurred in the medical care, legal, and social services fields. To a lesser extent job growth occurred in various business services. In retail trade, it was the food stores which gained the greatest amount of employment during March.

Table 3

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/ 3/89	r/ 2/89	3/88	Changes from: 2/89	Changes from: 3/88
Nonag. Wage & Salary	99,100	98,250	98,200	850	900
Mining	3,700	3,600	3,300	100	400
Construction	3,200	3,100	3,550	100	-350
Manufacturing	2,200	2,150	2,250	50	-50
Trans., Comm. & Utilities	8,900	8,900	9,150	0	-250
Trucking & Warehousing	1,450	1,450	1,550	0	-100
Water Transportation	300	300	300	0	0
Air Transportation	3,150	3,150	3,200	0	-50
Communications	1,750	1,750	1,800	0	-50
All Other Transportation	2,250	2,250	2,300	0	-50
Trade	23,900	23,700	23,050	200	850
Wholesale	5,550	5,500	5,350	50	200
Retail	18,350	18,200	17,700	150	650
Gen. Merch. & Apparel	2,350	2,300	2,300	50	50
Food Stores	2,950	2,800	2,900	150	50
Eating & Drinking Places	7,500	7,550	7,200	-50	300
All Other Retail	5,550	5,550	5,300	0	250
Finance, Ins. & Real Estate	7,000	7,050	7,350	-50	-350
Services	24,100	23,950	23,700	150	400
Government	26,100	25,800	25,850	300	250
Federal	10,000	9,900	10,250	100	-250
State	7,500	7,400	6,950	100	550
Local	8,600	8,500	8,650	100	-50

Fairbanks North Star Borough

	p/ 3/89	r/ 2/89	3/88	Changes from: 2/89	Changes from: 3/88
Nonag. Wage & Salary	24,550	24,350	24,000	200	550
Mining	100	100	150	0	-50
Construction	1,100	1,050	1,100	50	0
Manufacturing	550	500	500	50	50
Trans., Comm. & Utilities	1,700	1,700	1,650	0	50
Trucking & Warehousing	350	350	350	0	0
Air Transportation	250	250	300	0	-50
All Other Transportation	1,100	1,100	1,000	0	100
Trade	5,200	5,100	5,100	100	100
Wholesale	650	650	700	0	-50
Retail	4,550	4,450	4,400	100	150
Food Stores	750	750	750	0	0
All Other Retail	3,800	3,700	3,650	100	150
Finance, Ins. & Real Estate	750	750	750	0	0
Services	5,500	5,500	5,500	0	0
Government	9,650	9,650	9,250	0	400
Federal	2,700	2,700	2,700	0	0
State	4,250	4,200	4,000	50	250
Local	2,700	2,750	2,550	-50	150

Anchorage-MatSu Region

	p/ 3/89	r/ 2/89	3/88	Changes from: 2/89	Changes from: 3/88
Nonag. Wage & Salary	105,350	104,100	104,300	1,250	1,050
Mining	3,750	3,600	3,300	150	450
Construction	3,450	3,300	3,700	150	-250
Manufacturing	2,300	2,250	2,350	50	-50
Trans., Comm. & Utilities	9,550	9,500	9,800	50	-250
Trade	25,150	24,800	24,450	350	700
Finance, Ins. & Real Estate	7,350	7,400	7,750	-50	-400
Services	25,000	24,950	24,750	50	250
Government	28,800	28,300	28,200	500	600

Interior Region

	p/ 3/89	r/ 2/89	3/88	Changes from: 2/89	Changes from: 3/88
Nonag. Wage & Salary	28,100	27,850	27,300	250	800
Mining	300	300	300	0	0
Construction	1,150	1,100	1,100	50	50
Manufacturing	550	550	500	0	50
Trans., Comm. & Utilities	2,000	2,000	1,900	0	100
Trade	5,500	5,400	5,350	100	150
Finance, Ins. & Real Estate	800	800	800	0	0
Services	5,950	5,900	5,900	50	50
Government	11,850	11,800	11,450	50	400

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis

(cont. on page 16)

Table 3 *(cont. from page 15)*

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	3/89	2/89	3/88	2/89	3/88
Nonag. Wage & Salary	29,550	27,950	28,700	1,600	850
Mining	250	250	200	0	50
Construction	800	700	950	100	-150
Manufacturing	4,100	3,000	4,400	1,100	-300
Seafood Processing	1,100	600	1,100	500	0
Lumber & Paper Products	2,700	2,150	3,050	550	-350
All Other Manufacturing	300	250	250	50	50
Trans., Comm. & Utilities	2,050	2,000	2,000	50	50
Trade	4,650	4,550	4,300	100	350
Wholesale	450	450	400	0	50
Retail	4,200	4,100	3,900	100	300
Finance, Ins. & Real Estate	1,000	1,000	1,050	0	-50
Services	4,750	4,600	4,500	150	250
Government	11,950	11,850	11,300	100	650
Federal	1,900	1,850	1,850	50	50
State	5,450	5,450	5,100	0	350
Local	4,600	4,550	4,350	50	250

Southwest Region

	p/	r/		Changes from:	
	3/89	2/89	3/88	2/89	3/88
Nonag. Wage & Salary (W&S)	12,750	12,600	12,250	150	500
Seafood Processing	2,450	2,450	2,300	0	150
All Other Private W&S	4,050	3,900	3,950	150	100
Government	6,250	6,250	6,000	0	250
Federal	1,300	1,300	1,250	0	50
State	550	550	450	0	100
Local	4,400	4,400	4,300	0	100

Gulf Coast Region

	p/	r/		Changes from:	
	3/89	2/89	3/88	2/89	3/88
Nonag. Wage & Salary	18,100	17,800	17,300	300	800
Mining	800	800	800	0	0
Construction	650	600	650	50	0
Manufacturing	2,650	2,450	2,400	200	250
Seafood Processing	1,950	1,800	1,800	150	150
All Other Manufacturing	700	650	600	50	100
Trans., Comm. & Utilities	1,400	1,350	1,300	50	100
Trade	3,300	3,300	3,150	0	150
Wholesale	500	500	450	0	50
Retail	2,800	2,800	2,700	0	100
Finance, Ins. & Real Estate	550	500	550	50	0
Services	3,150	3,150	3,000	0	150
Government	5,600	5,650	5,450	-50	150
Federal	500	500	500	0	0
State	1,700	1,750	1,550	-50	150
Local	3,400	3,400	3,400	0	0

Northern Region

	p/	r/		Changes from:	
	3/89	2/89	3/88	2/89	3/88
Nonag. Wage & Salary (W&S)	13,100	12,950	12,650	150	450
Mining	4,750	4,750	4,500	0	250
All Other Private W&S	3,900	3,750	3,650	150	250
Government	4,450	4,450	4,500	0	-50
Federal	350	350	350	0	0
State	350	350	350	0	0
Local	3,750	3,750	3,800	0	-50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988   p/ denotes preliminary estimates   r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis

Table 4

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 3/89	r/ 2/89	3/88	p/ 3/89	r/ 2/89	3/88	p/ 3/89	r/ 2/89	3/88
Mining	$1,125.68	$1,109.32	$1,140.95	48.5	50.7	49.2	$23.21	$21.88	$23.19
Construction	906.64	914.33	904.04	39.8	40.8	38.8	22.78	22.41	23.30
Manufacturing	571.70	571.39	511.80	49.8	50.7	42.9	11.48	11.27	11.93
Seafood Processing	469.44	478.17	361.30	57.6	59.4	46.8	8.15	8.05	7.72
Lumber & Paper Prod.	634.27	620.67	647.80	41.0	40.7	39.5	15.47	15.25	16.40
Trans., Comm. & Util.	574.00	571.65	558.31	35.0	35.2	34.4	16.40	16.24	16.23
Trade	360.47	372.37	358.60	32.8	33.1	32.6	10.99	11.25	11.00
Wholesale	518.78	520.52	515.97	38.4	38.5	37.8	13.51	13.52	13.65
Retail	308.14	322.70	305.60	31.0	31.3	30.9	9.94	10.31	9.89
Finance, Ins. & R.E.	415.58	392.27	390.32	35.1	33.7	34.0	11.84	11.64	11.48

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Oil Spill Worker Statistics Will Show Up In the Water Transportation Industry

Question: How will employment estimates reflect the new work force hired to clean up the Exxon Valdez oil spill?

Answer: Exxon has two prime contractors hiring clean-up crews — Norcon, a firm whose primary activity has been construction work, and VECO a firm whose primary activity has been oil field services work. Normally, additional employment in these two firms would be recorded as growth in construction and mining employment.

But because these clean-up workers are not regular employees of these firms, their added numbers won't be included in the construction and mining industries categories (even though they will appear on the two firms' payrolls). Federal guidelines dictate that firms primarily engaged in oil spill clean-up be counted in the water transportation industry.

Every attempt will be made by Alaska Department of Labor economists to isolate all members of the new oil spill work force so that they're counted in Alaska's water transportation industry employment estimates. Only counted will be those directly working on clean-up projects, not those who may benefit indirectly. Excluded, for example, will be new employees hired by Prince William Sound restaurants and hotels; their numbers will appear in their normal industry categories.

Summary: March Showing Signs of Seasonal Surge

While March employment gains in most industries were not particularly noteworthy, the gains nevertheless showed that the state's seasonal economic doldrums have been shaken off. This development manifested itself by broad based industry employment gains and by a decreasing unemployment rate.

The March estimates were relatively ordinary.

Less ordinary will be the April estimates and estimates published later in 1989. These estimates will account for the one event which will certainly provide the single, biggest impact on Alaska employment during the year — the effects of the Exxon Valdez oil spill.

About the Author:

John Boucher is a labor economist employed six years with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Table 5

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 3/89	r/ 2/89	3/88	p/ 3/89	r/ 2/89	3/88	p/ 3/89	r/ 2/89	3/88	p/ 3/89	r/ 2/89	3/88
Alaska Statewide	232,842	234,596	235,822	22,024	23,624	26,236	9.5	10.1	11.1	210,818	210,972	209,586
Anch.-MatSu Region	121,670	122,562	124,599	9,517	9,962	11,985	7.8	8.1	9.6	112,153	112,600	112,614
Anchorage Borough	107,956	109,259	110,428	7,272	7,575	9,273	6.7	6.9	8.4	100,684	101,684	101,155
MatSu Borough	13,714	13,303	14,171	2,245	2,387	2,712	16.4	17.9	19.1	11,469	10,916	11,459
Gulf Coast Region	24,194	24,561	24,220	3,310	3,529	3,830	13.7	14.4	15.8	20,884	21,032	20,390
Kenai Peninsula Borough	15,402	15,586	15,422	2,564	2,657	2,888	16.6	17.0	18.7	12,838	12,929	12,534
Kodiak Island Borough	5,009	5,111	4,988	194	262	287	3.9	5.1	5.8	4,815	4,849	4,701
Valdez-Cordova	3,783	3,864	3,810	552	610	655	14.6	15.8	17.2	3,231	3,254	3,155
Interior Region	33,975	34,457	34,417	4,417	4,586	5,225	13.0	13.3	15.2	29,558	29,871	29,192
Fairbanks North Star Bor.	29,132	29,476	29,433	3,534	3,607	4,152	12.1	12.2	14.1	25,598	25,869	25,281
Southeast Fairbanks	2,010	2,073	2,056	345	390	411	17.2	18.8	20.0	1,665	1,683	1,645
Yukon-Koyukuk	2,833	2,908	2,928	538	589	662	19.0	20.3	22.6	2,295	2,319	2,266
Northern Region	7,892	8,118	7,934	704	817	812	8.9	10.1	10.2	7,188	7,301	7,122
Nome	2,991	3,081	3,030	311	359	374	10.4	11.7	12.3	2,680	2,722	2,656
North Slope Borough	2,838	2,920	2,800	156	196	143	5.5	6.7	5.1	2,682	2,724	2,657
Northwest Arctic Borough	2,063	2,117	2,104	237	262	295	11.5	12.4	14.0	1,826	1,855	1,809
Southeast Region	33,456	33,043	32,973	3,383	3,904	3,358	10.1	11.8	10.2	30,073	29,139	29,615
Haines Borough	864	831	832	127	117	106	14.7	14.1	12.7	737	714	726
Juneau Borough	14,660	14,284	14,447	919	968	915	6.3	6.8	6.3	13,741	13,316	13,532
Ketchikan Gateway Bor.	6,215	6,132	6,047	708	797	624	11.4	13.0	10.3	5,507	5,335	5,423
Pr. of Wales-Outer Ketch.	2,640	2,759	2,605	414	603	413	15.7	21.9	15.9	2,226	2,156	2,192
Sitka Borough	3,876	3,842	3,886	281	359	346	7.2	9.3	8.9	3,595	3,483	3,540
Skagway-Yakutat-Angoon	1,735	1,770	1,762	402	478	449	23.2	27.0	25.5	1,333	1,292	1,313
Wrangell-Petersburg	3,466	3,425	3,394	532	582	505	15.3	17.0	14.9	2,934	2,843	2,889
Southwest Region	11,655	11,855	11,679	693	826	1,026	5.9	7.0	8.8	10,962	11,029	10,653
Aleutian Islands	3,185	3,214	3,185	42	52	131	1.3	1.6	4.1	3,143	3,162	3,054
Bethel	4,447	4,514	4,427	322	364	418	7.2	8.1	9.4	4,125	4,150	4,009
Bristol Bay Borough	450	460	447	43	51	52	9.6	11.1	11.6	407	409	395
Dillingham	2,096	2,156	2,086	136	184	182	6.5	8.5	8.7	1,960	1,972	1,904
Wade Hampton	1,477	1,511	1,534	150	175	243	10.2	11.6	15.8	1,327	1,336	1,291

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

A Free Practicum
for Alaska Job Counselors

A 'How To' workshop in Anchorage for teachers and counselors:

"Career Decision Making Using Labor Market Information"

This two-day workshop is designed to train teachers and counselors to help individuals use labor market information in making decisions about occupations and careers.

DATE: JUNE 7-8-9.

LOCATION: East High School.

PRESENTERS: Sally Saddler, Paul Williams and Neal Fried of the Alaska Department of Labor (DOL), and Kathy Libby of the Alaska Department of Education.

CREDIT: Counselors completing this workshop can receive credit toward professional recertification through the National Board for Certified Counselors.

Class limit: 50

More information is available from DOL's Research & Analysis Section,
465-4500.

(NOTE: An identical May 31-June 1 Fairbanks workshop has been CANCELLED.)

Workshop participants will:

- Observe videotaped dramatizations of case studies about 'special needs clients',
- Learn of the processes used to arrive at workable solutions for the clients, and
- Explore through exercises, lectures, and video presentations the role of labor market information in a changing world and how this information can improve career decision making.

- *Readers of* Alaska Economic Trends *are invited to submit suitable illustrations for publication.*

  The artist will be given credit.

  The editor reserves the right to accept or reject all submissions. Those rejected will be returned to the artist.

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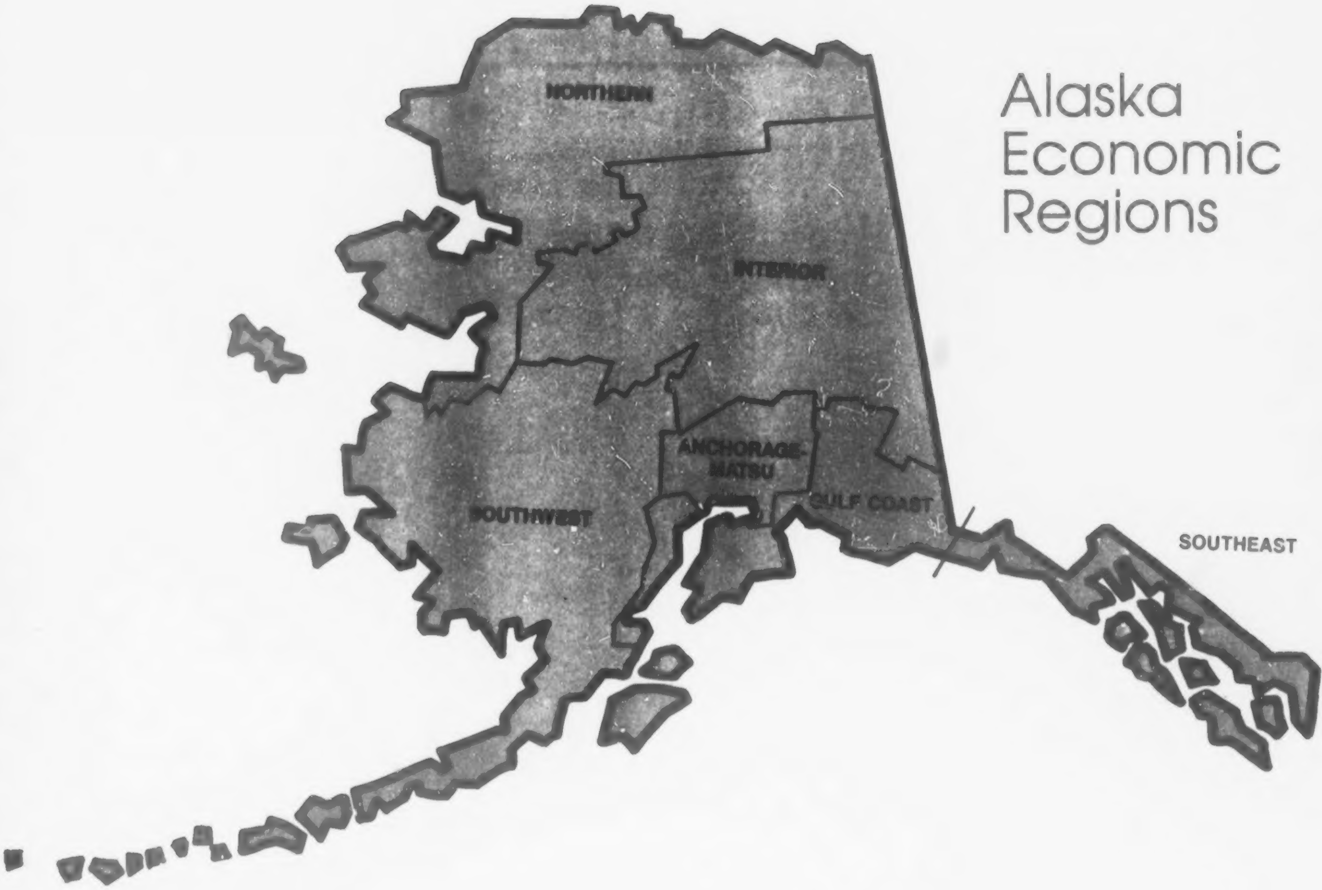
Alaska Economic Regions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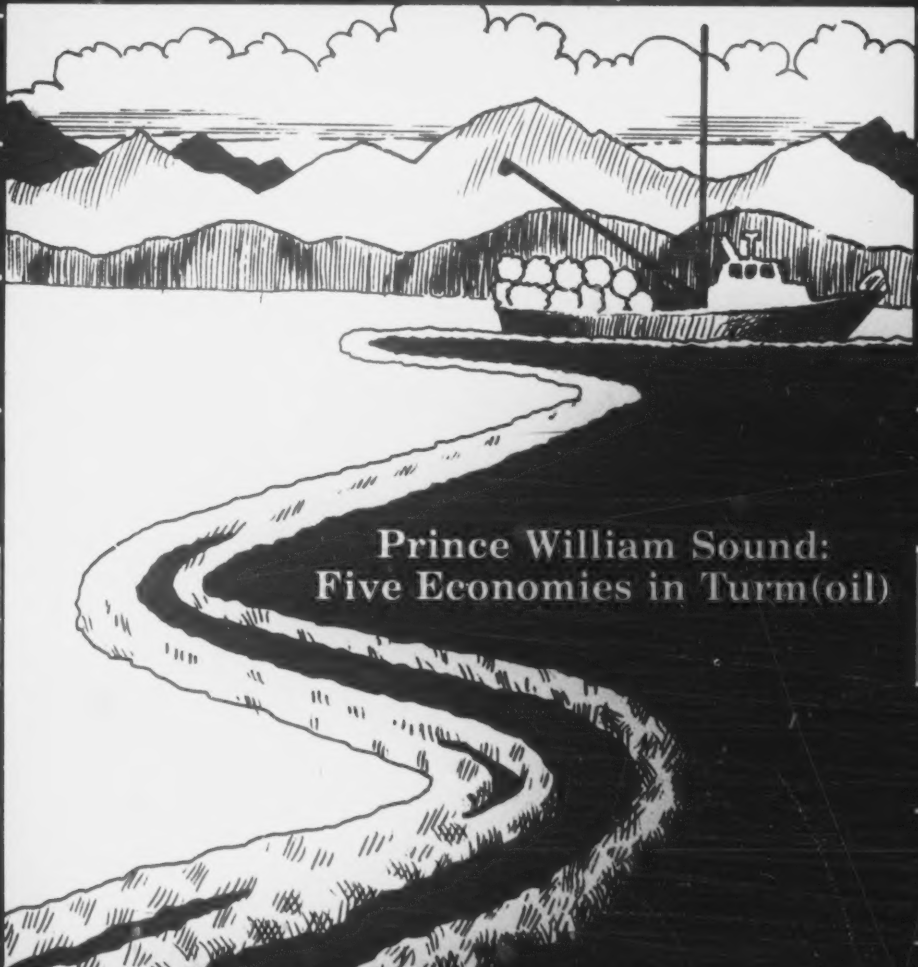
ALASKA ECONOMIC TRENDS



Prince William Sound: Five Economies in Turm(oil)

July 1989

Nonresident Workers' Impact on Alaska- 1987

April Employment Boosted by Oil Spill Impact

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by authors may not be consistent with those of the Alaska Department of Labor.

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July 1989
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Prince William Sound: Five Economies in Turm(oil)

By Neal Fried and Holly Stinson

The Prince William Sound oil spill will be remembered first as an environmental disaster. But it will also mark the start of a new era in Prince William Sound's economic history.

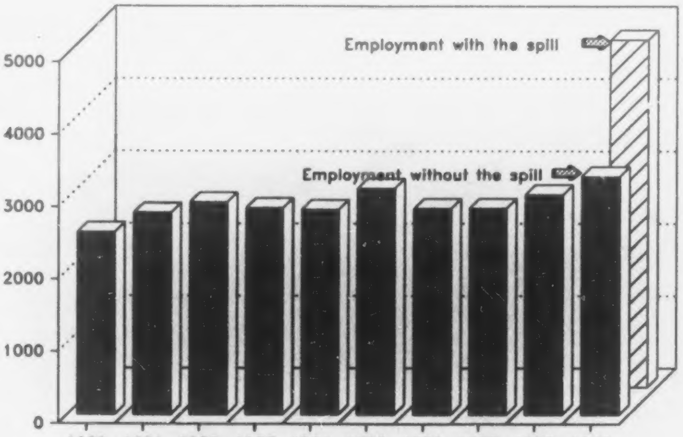
Base Line Data Provides Preliminary Economic Observations

While it is premature to make any definitive conclusions about the economic effects of the spill, this is a good time to present base line data. From these data we will sketch the economy of Prince William Sound and arrive at some preliminary observations of the spill's short term economic impact.

Most of the economic repercussions of the spill won't be known for years. Therefore, this article can serve only as the first of many chapters of this saga.

Figure 1

Prince William Sound Employment – 1980-1989



Source: Alaska Department of Labor, Research & Analysis Section

Although the spill has impacted the entire state, and although it has affected areas other than Prince William Sound (the Gulf of Alaska, Cook Inlet, and the Alaska Peninsula), the geographic focus of the article is limited to Prince William Sound.

Future Will Be Assessed By Biologists, Economists, Accountants

This discussion doesn't represent a cost/benefit analysis of the spill because the facts are not in yet. The true tally of costs and benefits is broad and long term. The total accounting covers more than just employment. The ledger won't be complete for many years. Eventually, though, teams of economists and biologists will itemize the costs and benefits with an accountant's precision. These costs and benefits will include the tangible (such as the loss of fisheries and the spill

See map of Prince William Sound on page 28.

cleanup wages), the semi-tangible (such as dead birds and otters), and the intangible.

The tangible costs and benefits are, of course, the easiest to price. The semi-tangible can be priced in a variety of ways — the value of a bird as food, or the value of that same bird as wildlife. The intangible costs are harder to assess. For example, what is the value to a New Yorker of having a pristine wilderness available in Alaska even if that person has never visited it? What is the value of the loss of spirit to the Sound's residents? These intangibles do have a cost. Eventually, as daunting a task as it will be, all costs will be measured.

The Sound's Economies Were Shaping Up Nicely in 1989

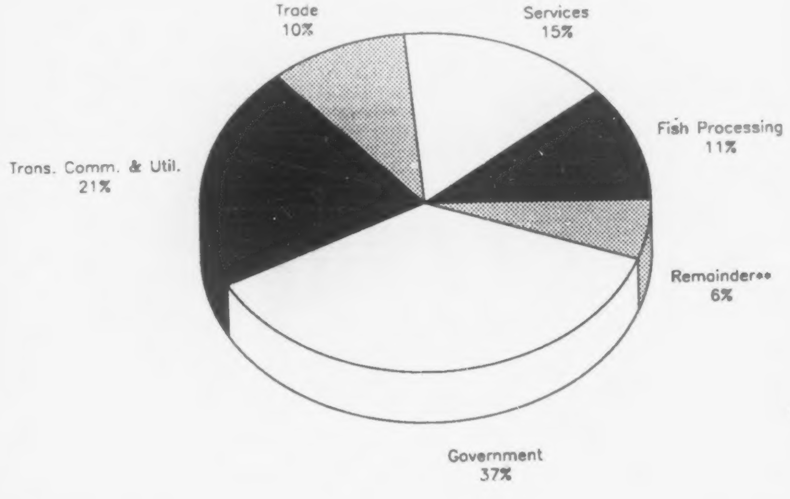
The forecast for Prince William Sound's economy for 1989 was good. Fishermen and processors anticipated record salmon harvests and strong prices. The 1988 catch was valued at $86 million, and 1989 was going to be even better.

The tour and charter operators anticipated a big season. A record number of cruise ships were going to be plying the Sound's waters this 1989 season. In 1988, 208,000 visitor days and 80,000 angler days were spent on the Sound. These numbers were expected to rise in 1989.

The Sound has also served as a summer playground for state railbelt residents (those who live in the Anchorage and Fairbanks areas). More than half of the state's population lives within 50 miles of the Sound. A recent survey conducted by the Alaska Department of Natural Resources found that 71% of the railbelt's population has visited either Cordova, Whittier or Valdez. As the Kenai Peninsula has become increasingly crowded, many visitors have turned to the Sound as the only nearby alternative for recreation.

Figure 2

Valdez Employment By Industry – 1988*



*Based on first three quarters.
**Remainder includes Finance, Insurance & Real Estate, Construction, Manufacturing other than fish processing

Source: Alaska Department of Labor, Research & Analysis Section

Prince William Sound: Home To Five Communities, Many Economies

Prince William Sound doesn't have an integrated regional economy. Instead, it incorporates the two medium-sized economies of Valdez and Cordova, and the three small communities of Tatitlek, Chenega Bay and Whittier. Valdez is the only community in the Sound connected to the road system. The other communities, except Whittier, are accessible only by water or air. (Whittier is also accessible by rail.) The one important resource they all share is Prince William Sound.

Valdez's economy can be characterized as the most diversified of the Sound. It relies on government, transportation of oil, tourism, and fishing. Cordova, on the other hand, is as close as one can get to a 'mono' economy in Alaska. It's entirely dependent on the commercial fishery. Whittier is a transportation link and gateway to the Sound for Southcentral Alaskans. The economies of Tatitlek and Chenega Bay don't resemble those of the other three communities. Tatitlek and Chenega Bay almost totally rely on subsistence, with some cash earned from commercial fishing.

Spill's Impact on Each of the Five Local Economies Differs

The immediate and long term economic effects of the spill will be distinctly different for each of the five communities. As the logistics center for the oil spill cleanup, Valdez is feeling a dramatic rise in economic activity. With its population and work force doubling overnight, Valdez is Alaska's latest boom town.

Cordova, on the other hand, is described by some residents as deserted. Many local fishermen are out at sea trying to preserve their livelihoods by helping in the spill cleanup.

Because of the diversity of Valdez's economy, the long term consequences of the spill are less likely to be as severe on its economy than on the other four Sound towns. The economic singularity of the other communities makes them far more vulnerable to this environmental shock.

Sound's 1989 Oil Spill Payroll Could Top $100 Million

Although it's difficult to pin down the present size of the Prince William Sound oil spill work force (let alone the future size of the work force), some estimates and conservative projections have been made. (See Figure 1, page 1.) It is assumed that the oil spill work force will stand at approximately 3,000 for five months. (This figure excludes government workers and fishermen leasing their boats.) Without the oil spill work force, the Sound's 1989 annual average would have amounted to roughly 3,300. With the addition of the oil spill workers, the Sound's 1898 annual average wage and salary employment may sum to 4,600. (Not taken into account in this figure are any employment changes in the fisheries and tourism industries. Also not taken into account are the secondary impacts of the oil spill work force.)

The 1989 payroll of the oil spill workers could exceed $100 million, a payroll which is greater than that earned by the Sound's entire pre-spill work force. Above average hourly wages and long hours push these payroll figures skyward. Since a substantial part of this work force comes from elsewhere in the state and the country, much of this additional economic activity will leak straight out of the area economy.

Valdez: A Profile

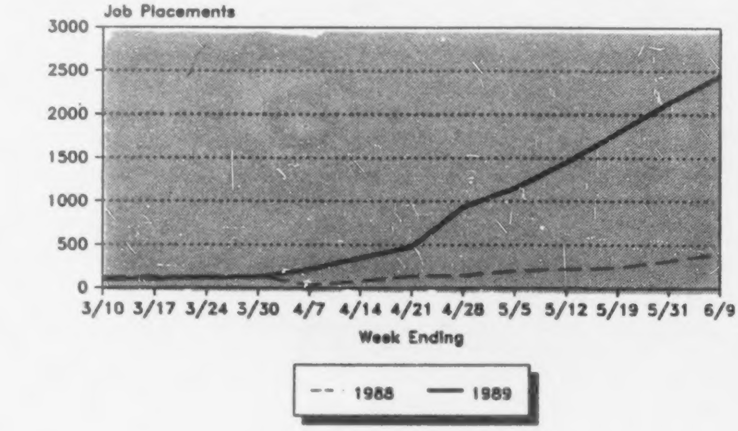
Unlike most of Alaska's coastal communities, fishing hasn't played a major role in Valdez's economic history. Founded in 1899, Valdez was a jumping off point for miners heading north in search of gold. The devastation of the 1964 earthquake brought on a flurry of activity as the entire town relocated to its present site. Then, two state agencies located there — an institution for persons with developmental disabilities, and a regional highway office. As a result, the Valdez economy became almost completely dependent on state government. The city's economic complexion changed little until the mid-1970s when construction began on the Trans-Alaska Pipeline System (TAPS).

Deja Vu for Valdez

The situation in which Valdez finds itself today is in some ways comparable to the community's TAPS experience. In the mid-1970s, Valdez was host to one of the largest Trans-Alaska Pipeline construction camps. Housed in Valdez were two work forces: one for the construction of a section of the pipeline, and another for the construction of the oil terminal. In 1974, the city's entire population amounted to 1,350. One year later, twice that many men and women were living at the terminal construction camp alone; the community's total population swelled to 6,512 that year.

Figure 3

Valdez Employment Center Job Activity – 1988-1989



Source: Alaska Department of Labor, Research & Analysis Section

Employment had more than tripled. Per capita income had more than doubled.

With the completion of the pipeline and oil terminal in 1977, employment fell by more than 50% in Valdez. But the oil industry left the city with a much larger tax base. Today, Valdez's per capita tax base is nearly 5 1/2 times the statewide average ($395,315 vs. $73,354).

These added revenues have enabled the City of Valdez to provide additional services, to build needed infrastructure, and to embark on ambitious economic diversification efforts. Of the three undertakings, what has stood out most has been the effort to diversify the economy. The city financed the construction of terminals to transship grains from the Interior. The city also had built a civic center to attract more visitors. Further, the city had built a $48 million cargo and container port facility to transform Valdez into the Interior's major port of entry. Funding for these projects came from local resources. Much of this ambitious development began as the rest of the state's economy languished in a post-pipeline construction slump.

By 1980, the statewide economy came out of its slump and moved into high gear for the next five years. State petro dollars were being spent in increasing amounts. Valdez was largely bypassed by this boom. During this era, statewide employment grew 33%, whereas Valdez employment grew by a mere 5%. (See Table 2, page 5.) Valdez didn't share in the state's boom mainly because it had already built its necessary infrastructure and was providing the services it believed it needed. But smaller, more subtle things were happening in the Valdez economy.

Valdez Diversification Efforts Have Seen Success

Tourism expanded on all fronts. A growing number of visitors arrived in Valdez by air, water and road. They usually came to Valdez to access Prince William Sound. By 1985, visitors were spending $10.1 million a year in Valdez. It was the seventh most popular visitor destination in the state that year. Hotels were full during summer months. The state's summer ferry was usually booked to capacity. Charter operators expanded their hunting and fishing trips, as well as their glacier viewing trips.

Cruise ships arriving in 1987 provided a considerable economic boost. That year 15,000 visitorsdisembarked from these ships; each of these visitors spent an average of $50 per day. In 1988, more than 100,000 visitors set foot in

Table 1

Prince William Sound Wage & Salary Employment – 1980-1988*

	1980	1981	1982	1983	1984	1985	1986	1987	9 mo. Avg. 1987	9 mo. Avg. 1988
Nonag. Wage & Salary	2,849	3,100	3,233	3,143	3,053	3,138	2,855	2,860	2,946	3,243
Mining	**	**	**	**	**	**	**	**	**	**
Construction	243	218	211	144	189	148	84	52	55	56
Manufacturing	298	392	349	381	347	524	455	457	541	666
Trans., Comm. & Utilities	568	673	765	722	645	499	448	463	465	494
Trade	**	291	372	368	348	362	309	331	333	373
Wholesale	**	17	40	40	38	47	42	45	49	44
Retail	238	275	332	328	310	316	268	286	284	328
Finance, Ins. & Real Estate	70	53	47	44	46	45	44	44	45	40
Services	390	332	405	377	385	396	395	402	411	452
Government	962	989	1,034	1,058	1,054	1,123	1,072	1,049	1,032	1,064
Federal	61	67	66	55	54	46	44	47	47	54
State	432	419	436	427	455	506	493	469	466	476
Local	470	503	533	577	545	572	535	533	518	535
Miscellaneous	**	**	**	**	**	**	**	**	**	**

* Only the first three quarters of 1988 data are available
** Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section

the community, according to estimates provided by the Valdez Convention and Visitor Bureau. From all indications, the numbers would only grow.

Fisheries A Small, But Growing Portion of Valdez Economy

While tourism has grown, the fishery in Valdez is considerably smaller than elsewhere in Prince William Sound. Fish harvesting represents a tiny portion of the Valdez economy. (See Figure 2, page 2.) Only 57 out of 485 Prince William Sound residents who held permits and fished in 1986 lived in Valdez. (See Table 4, page 8.)

Fish processing is also a small Valdez industry, but it's growing. In 1980, there were fewer than 10 annual jobs in Valdez's fish processing industry. By 1981, however, three processors were operating shore-based plants. By 1985 annual employment grew to 164. And in 1988, seafood processing employment rose again.

1989 Economy Was Looking Good for Valdez

The growth of tourism and the fisheries helped cushion Valdez employment during the statewide recession of 1986-88. In addition, recent statistics have indicated an economy that has been swinging upwards. Employment in fishing, and in the trade and services industries (the latter two being major beneficiaries of tourism) rose in 1988. Valdez's 1988 economy provided a firm underpinning for the economy of 1989.

Table 2

Valdez Wage & Salary Employment – 1980-1988*

	1980	1981	1982	1983	1984	1985	1986	1987	9 mo. Avg. 1987	9 mo. Avg. 1988
Nonag. Wage & Salary	1,746	1,848	1,884	1,822	1,906	1,850	1,696	1,712	1,759	1,831
Mining	**	**	**	**	**	**	**	**	**	**
Construction	226	196	181	116	153	112	59	39	43	36
Manufacturing	**	**	70	85	155	171	186	200	247	231
Trans. Comm. & Utilities	449	488	504	481	456	416	373	374	375	393
Trade	105	135	146	157	161	155	121	144	143	183
Finance, Ins. & Real Estate	**	**	**	**	**	**	**	**	**	**
Services & Miscellaneous	242	207	257	218	233	251	253	264	271	303
Government	680	698	704	745	730	725	686	674	663	670
Federal	18	17	20	15	17	15	14	16	16	17
State	404	404	392	403	413	399	386	371	371	376
Local	259	277	292	327	300	311	286	288	276	276

* Only the first three quarters of 1988 data are available

** Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section

The Spill Caused Valdez Employment To Double In One Month

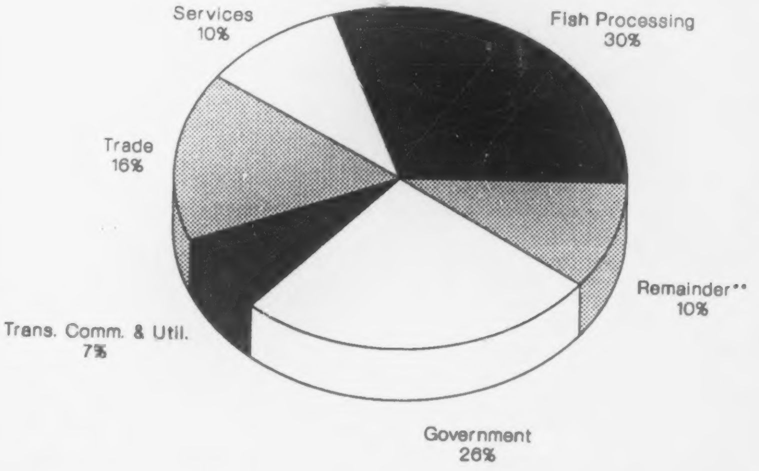
But a steady upswing was not to be in Valdez. Instead of 1989 employment growing 5% or 10%, it doubled in one short month. Before the spill Valdez's wage and salary work force stood at about 1,700. By the second week of the spill there were more than that many in Valdez working on the spill alone. Within two weeks of the spill, City of Valdez estimates placed the city's population at about 6,600, double its pre-spill population. Although the numbers will probably not grow as great as they had during the construction of TAPs, they have climbed more rapidly. All the ingredients of a classic Alaska boom have been set into place.

Money Talks; Thousands of Eager Cleanup Workers Arrive

Although Valdez's work force almost doubled in two weeks, there was no shortage of people to fill the oil spill jobs. In March, there were 22,000 unemployed Alaskans, and there were probably many more marginally employed and low paid in that same month. The promise of high wages for unskilled work turned Valdez into the employment mecca of the state and, to a lesser extent, the nation. The news media provided the largest help wanted sign Alaska had ever secured.

Figure 4

Cordova Employment By Industry – 1988*



*Based on first three quarters.
**Remainder includes Finance, Insurance & Real Estate and Construction

Source: Alaska Department of Labor, Research & Analysis Section

It's no wonder the response was so great, what with base wages set at $16.69 for 7-day, 12-hour shifts. (That could add up to a weekly paycheck of $1,800. The average Alaskan's monthly wage in 1987 was $2,308.) With the state just coming off a three-year recession, there have been plenty of potential oil spill workers eager to go to work.

During the first 10 weeks of the spill, the Valdez Job Service dispatched 2,447 workers. That's more than a 500% increase in placements over the same period in 1988. (See Figure 3, page 3.) This makes it the busiest Job Service office in the state. During the first six weeks, the two primary cleanup contractors, VECO and Norcon, hired a total of 1,517 clean up workers in Valdez. [1/] [2/] The Coast Guard contingent rose from 46 in pre-spill Valdez to 150. Alaska Department of Environmental Conservation staff levels grew from 1-3 to 50.

The Number of Valdez Jobless May Rise

One irony of the creation of this instant work force is that Valdez's

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[1/] Some of the Veco workers were dispatched out of the Job Service Office.

[2/] The Veco and Norcon hires exclude Exxon employees, other contract personnel, skippers and first mates of leased fishing boats, and federal, state and local government employees.

unemployment rate may rise. This development can be attributed to the large number of job searchers who swarmed into Valdez. Despite the fact that the number of mobilized oil spill workers is greater than the entire pre-spill Valdez work force, more than 1,200 hopeful job searchers remain on the Alaska Job Service spill cleanup list. The number of spill cleanup job searchers simply grew faster than the number of jobs. That usually translates into a higher unemployment rate. Further, because the surge happened so quickly, the statistics may never catch up with this incredible overnight transformation in the local labor market.

Valdez Employers Finding It Difficult To Hire and Keep Workers

It's also ironic that many Valdez employers have found it difficult to fill jobs, even though most of the spill cleanup job searchers are without work. Local businesses' demand for workers has grown because the spill has generated more business. Some businesses have lost employees to the cleanup. Many businesses have not only lost employees to the cleanup, but cannot fill vacant positions. Many job searchers are reluctant to accept these comparatively low paying jobs because they want to remain available for an opening in the spill cleanup operation. Most didn't travel to Valdez to find a low paying job. Those jobs they could have found at home.

A survey conducted for this article one month after the spill found that more than half of Prince William Sound employers believe they will experience worker shortages during the spill. While the Valdez Job Service has filled many local job openings, turnover remains extremely high. Soon after employees accept a job from a Valdez business, they quit after having been offered a higher paying spill cleanup job.

Local businesses' shortage of help has become critical enough that Exxon began providing 'recruitment assistance' in mid-June for some Valdez employers. Exxon is recruiting in Anchorage and Fairbanks via state Job Service offices for specific, unfilled job openings that are occurring in Valdez. Exxon is also providing daily bus service to Valdez from these two cities. Further, they are providing housing for those willing to work in these nondirect spill jobs.

Valdez Businesses Speak: Jobs Available, But Few Workers

A telephone survey conducted in Cordova and Valdez April 20 and 21 asked two principal questions of 33% of all firms employing more than one person: 1) Have you hired any additional workers because of spill related activity?, and 2) Has the spill had a noticeable effect (other than employment) on your business? Other broader questions on long term impacts were also asked. (It's important to remember that because the situation there is so fluid, the survey provides only a snapshot in time.) Here are the responses:

Table 3

Cordova Wage & Salary Employment – 1980-1988*

	1980	1981	1982	1983	1984	1985	1986	1987	9 mo. Avg. 1987	9 mo. Avg. 1988
Total	808	952	1,001	1,031	877	1,024	902	918	945	1,142
Construction	**	**	**	**	**	**	**	**	**	**
Manufacturing	175	219	178	216	113	262	181	197	224	344
Transportation	37	81	88	93	89	78	70	79	76	85
Trade	140	143	207	194	173	194	174	181	183	183
Finance, Ins. & Real Estate	25	26	24	23	23	25	25	26	26	25
Services	111	104	122	124	113	102	103	96	100	116
Miscellaneous	**	**	**	**	**	**	**	**	**	**
Government	282	308	316	319	305	300	291	282	277	298
Federal	35	42	37	34	32	30	30	31	31	37
State	81	87	87	88	92	96	96	89	86	90
Local	167	179	192	197	181	174	166	162	160	170

* Only the first three quarters of 1988 data are available
** Nondisclosable

Source: Alaska Department of Labor, Research & Analysis Section

Twenty-four of Valdez's 74 private sector firms were surveyed. Of these, only 21% had hired additional workers. However, 88% of the firms felt the spill had affected their business. Some of these firms didn't hire additional workers because they couldn't find any. Other firms simply increased the hours their current employees worked. There were a few firms which actually experienced a decline in business. These losses were nearly all a result of a herring fishery cancelled in April.

More than half of the business operators surveyed in Valdez said that they worry about finding enough workers in the near future. Although a majority of the firms have experienced a rise in business, more operators predicted that the long term effects on their business would be negative rather than positive (33% vs. 21%). The largest number (38%) predicted there would be no long term effect. Although most business operators answered this question, the majority were ultimately uncertain about the future.

Valdez Fish Processors Concerned About Possible Lack of Workers

A number of Prince William Sound employers are extremely worried that a shortage of workers will haunt them this summer. Most concerned are the fish processors who rely on a large seasonal work force for the frenzied salmon season. For the sake of comparison, it was tenuous at best during last season's fish harvest — when there was no cleanup to compete with — for processors to find an adequate labor force. This year's harvest is expected to be much larger.

Although the Valdez fish processing industry accounts for about 200 jobs annually, as many as 1,300 different individuals may fill these jobs because of high turnover. For some processors this season looks almost hopeless, perhaps devastating, if they cannot hire enough workers. Much will depend upon three factors: Whether enough college students and seasonal migrants will show up for work, how many of the unsuccessful candidates for spill cleanup work will take processing jobs, and the amount of the actual harvest.

Table 4

Number of Commercial Fishers Claiming Residence in Prince William Sound

	1980	1981	1982	1983	1984	1985	1986
Cordova	418	430	430	465	406	410	399
Valdez	53	61	58	55	55	60	57
Chenega Bay	0	0	0	0	1	2	2
Tatitlek	9	8	9	8	10	9	8
Whittier	5	11	12	18	16	8	13
TOTAL	485	510	509	546	488	489	479

Source: Alaska Commercial Fisheries Entry Commission

Housing Crunch Seen If Tourists Do Arrive

Significant displacement could also occur for the tourism industry. Growing reports of cancellations and slower-than-usual bookings may be the least of this industry's problems in 1989. If visitors do arrive in significant numbers there is concern about where they will stay. Some operators of Prince William Sound hotels and recreational vehicle parks say they will ask those oil spill workers who are presently staying in their facilities to leave when tourists begin to arrive. Meanwhile, Valdez city officials are expanding campgrounds.

It has taken Valdez community leaders a long time to develop a thriving visitor industry. It's possible that nearly all the gains could be undone in one season. Reputation and word of mouth are the most powerful forces in this industry. Although immediate concerns relate to this year's visitors, the real worry is not linked to this season, but how the spill might affect future seasons.

The Rosy Picture for Valdez:

So what does all this add up to for Valdez? There is little doubt that Valdez will experience a net gain in economic activity in 1989. Total wages, profits and income will skyrocket. This gain will be partly offset by the increased costs linked to crime and congestion. The 1990 picture is hazy. Because spill cleanup activity may run over into 1990, there is a good chance that it too will go down as another year with a net gain over pre-oil spill economic activity. However, higher unemployment is almost inevitable since a large share of the oil spill work force will be laid off in late 1989 and may not be rehired in 1990. Many laid off workers will leave Valdez. But those who remain may be counted on the unemployed side of the labor force equation.

In the long run it is conceivable that Valdez may experience a net gain in employment if it becomes home to a large research facility and oil spill response team. Both the Alaska Departments of Fish & Game and Environmental Conservation are creating semipermanent divisions to monitor and study the spill's long term effects. Meanwhile, if the tourism industry and the fisheries recover, Valdez's economy may continue to move forward. This is, of course, the rosiest picture possible.

The Not So Rosy Picture:

On the other hand, Valdez has plenty to lose. Valdez could lose the forward momentum that it has developed in its tourism and commercial fishing industries. It has been a long, painstaking undertaking for community leaders to cultivate these industries. Diversifying a community's economy is always a long term undertaking. The spill may have undone all this work overnight.

Cordova, Greatly Reliant on Fishing, Has More To Lose

Unlike Valdez, Cordova hasn't been inundated by people since Good Friday 1989. If anything, this town of 2,000 has lost population. The few who came to Cordova to deal with the spill haven't replaced the many who left earlier for nearby spill related work — cleanup and protection of fragile streams and coves. Protection from oil contamination is a major priority because Cordova's economy is unlike Valdez's relatively diversified economy. Instead, Cordova's economy consists solely of fishing. Town residents' 1987 estimated gross earnings from fish caught in Prince William Sound alone was over $38 million.

Since the spill, many residents have expressed concern about Cordova being a ghost town if it lacks a healthy fishery. These same sentiments were expressed in the early 1970s by Cordova residents who went so far as to file a lawsuit in a failed attempt to stop the pipeline terminal from being located at Valdez. Today, their worst fears have come true.

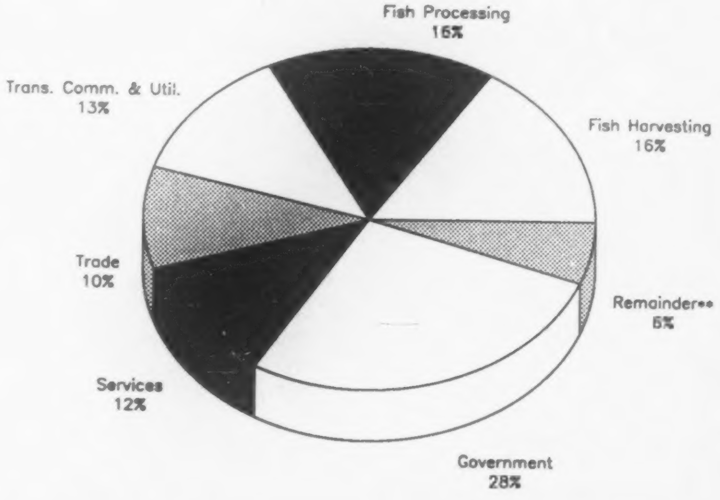
Cordova was founded early this century by people hoping to harvest and ship the area's coal and oil resources. The coastal community thrived through the 1930s from the copper that came by rail from the Kennecott mines. There has been some fishing activity since Cordova's first beginnings, but not to the same extent of present day activity. It wasn't until the copper mines shut down in 1938 that both the fish harvesting and fish processing industries began to dominate Cordova's economy. Today, fishing is what Cordova is about.

Fisheries Dominate Cordova's Economy

Why does fishing dominate Cordova? Each year the nearby Copper River hosts a huge run of red salmon and a

Figure 5

Prince William Sound Employment By Industry – 1988*



*Based on first three quarters; fish harvesting employment is 1983 estimate.
**Remainder includes Finance, Insurance & Real Estate and Construction and Manufacturing other than fish processing.

Source: Alaska Department of Labor, Research & Analysis Section

smaller run of silvers. The nearby Bering River also carries a sizeable salmon run. Cordova's proximity to these two rivers makes the town a logical choice for canneries. In the 1940s, Cordova's two canneries processed dungeness crab, razor clams, and salmon. But in recent times, salmon canning has been the mainstay of the local processing industry.

Since the 1964 earthquake, Cordova has been expanding its fish harvesting and processing facilities. Two large processors now operate in a new industrial park. A large scale tanner crab processing operation now operates from a site developed in the 1970s. And an enlarged fishing fleet is now docked in a harbor whose size was doubled in 1983.

Expansion of Cordova facilities has occurred gradually. In contrast to Valdez, Cordova hasn't experienced boom periods. Cordova's population and employment have remained steady, with jobs during the 1980s hovering close to 1,000 each year. (See Table 3, page 7.) Any economic change for Cordova has shadowed changes in the fisheries.

Today, Cordova's five canneries process bottomfish, halibut, shellfish, and salmon. With the processing of all these species, fishery employment has become much less seasonal. Processing employment still peaks during summer months, though. In 1988, seafood processing jobs accounted for almost one-third of all wage and salary employment in Cordova. (See Figure 4, page 6.) During each year's third quarter (July, August, September), this share climbs to nearly one-half of all jobs.

According to the Alaska Commercial Fisheries Entry Commission, 400 Cordova residents fished in 1986 (though not necessarily in Prince William Sound). (See Table 4, page 8.) This means that 20% of all Cordova residents participated in the fish harvest that year. If annualized fish harvest jobs were added to the Alaska

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[3] Alaska Department of Labor employment figures exclude fish harvesters.

Table 5

Catch & Value* of Prince William Sound Commercial Fisheries

(Value in thousands of dollars)

	1985		1986		1987		1988**	
Fishery	**Catch**	**Value**	**Catch**	**Value**	**Catch**	**Value**	**Catch**	**Value**
Herring (in metric tons)	8,283	$5,800	11,318	$8,400	7,407	$6,200	11,923	$12,250
Crab (in thousand lbs.)	1,059	1,300	1,691	1,980	1,533	2,270	1,125	1,770
Shrimp (in thousand lbs.)	680	920	489	880	321	720	278	680
Salmon (in thousand fish)	28,945	48,467	14,848	29,400	33,104	67,500	14,855	70,640
Halibut (in thousand lbs.)	324	260	446	600	448	660	423	480
Sablefish (in metric tons)	174	n/a	86	213	93	180	92	190
Prince William Sound Total Value		$56,747		$41,473		$77,530		$86,010

* Estimated ex-vessel value (excludes post-season adjustments)
** Preliminary estimates

Sources: Alaska Department of Fish & Game and International Pacific Halibut Commission

Department of Labor's total wage and salary employment for Cordova,[3]/ the town's fishery (those in harvesting and processing jobs) would account for one-third of total employment in the Prince William Sound area. (See Figure 5, page 9.)

Is fishing the whole story in Cordova? Almost. The trade and services sectors both rely heavily on the fishery.

Sixteen companies in the trade and services sectors were recently surveyed for this article. Without exception, operators of all 16 firms said their businesses rely heavily on the health of the local fishery. Some even opined that there would be no town of Cordova without fishing.

Tourism A Small Player in Cordova

Tourism is a very small player in Cordova's economic scene. Without road access, Cordova doesn't experience a large influx of highway travelers like Valdez. The sole highway is the Alaska Marine Highway. State-run ferry traffic has remained fairly steady through the 1980s. Unlike Valdez, no cruise ships stop in Cordova. Most visitors are independent travelers who are in the area to hunt or fish.

Government Offers 1 in 4 Cordova Jobs

Government jobs are the only other significant source of Cordova employment, accounting for one of every four Cordova jobs. The federal presence includes the Coast Guard, U.S. Forest Service, and the Federal Aviation Administration. The state maintains a local fish & game office and a university-sponsored marine advisory program.

Local government jobs account for about half of all government sector jobs in the town. City revenues funding these jobs come from various sources. But it's estimated that one-third to one-half of all city revenues come directly from the fishery. A local sales tax has remained surprisingly steady in the 1980s, bringing in just over $1 million per year.

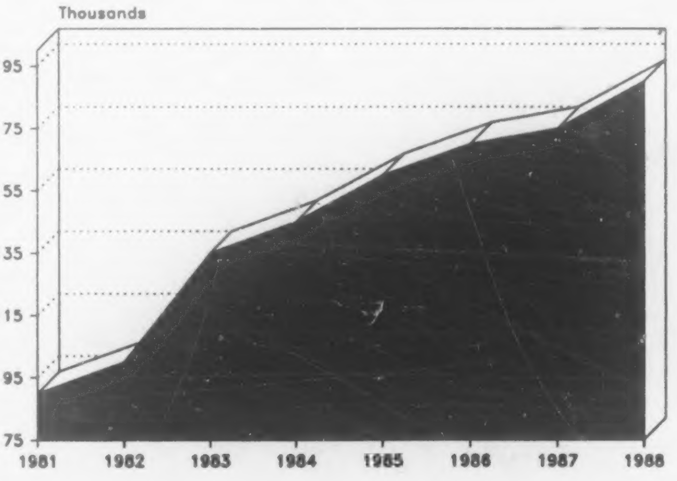
Although mining spurred Cordova's early growth, presently there are no jobs in this sector. There is talk of production at the Katalla oilfields and the Bering River coalfields. But if one of these projects were to develop, its biggest impact on Cordova would be in lower fuel costs for electricity generation, not in additional employment.

Cordova Businesses Don't Foresee Any Long Term Positive Impact

As mentioned before, the employment survey conducted for this article found business booming in Valdez and lagging in Cordova. No one surveyed in Cordova foresaw any long term positive impact

Figure 6

Alaska Railroad Passenger Traffic Portage/Whittier – 1988



Source: Alaska Railroad Corporation

on their business. Of the 23 firms contacted in Cordova, only one, a publishing shop, had experienced increased business.

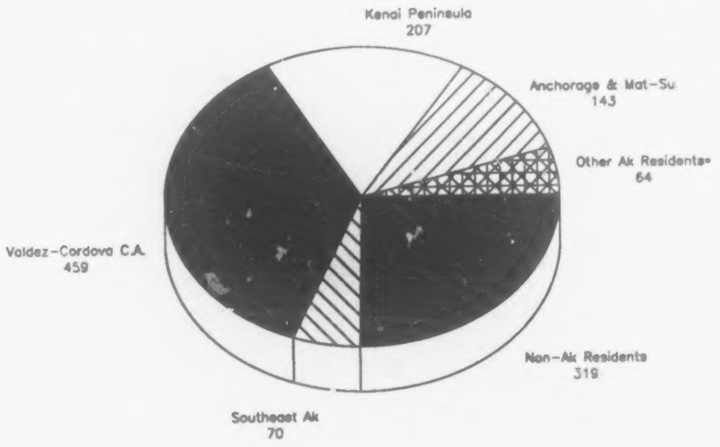
Lower Paying Jobs Go Begging

Yet even without much business traffic, Cordova's Main Street is lined with help wanted signs. By early May, about 275 residents signed on with the cleanup contractors. One hundred more are on the waiting list. As in Valdez, many of the jobless are reluctant to take a lower paying job while a potential higher paying one might await them. This inflationary pressure may force upwards local wages. It's possible that employers may be left with a more permanent increase in the cost of doing business because wages don't usually fall as rapidly as they rise.

Besides the question of wages, the biggest worry once again is availability of workers, no matter the price. One large seafood processor seems assured of an adequate supply of workers. But others are concerned that there won't be enough people to process this summer's catch.

Figure 7

Commercial Fish Harvesters in Prince William Sound — By Residency, 1987 Season



***Other Alaska Residents include those living in Kodiak, Fairbanks/Interior, Southeast, Bristol Bay and the Aleutians.**

Source: Alaska Department of Labor, Research & Analysis Section

Availability of Tenders for the '89 Harvest a Worry

There is also concern over the availability of tenders which transport the fish to shore. Owners of tenders may choose to retain lucrative contracts in the spill cleanup operation. To date, the cleanup contractors have leased over 100 Cordova-based fishing boats, along with their skippers and first mates. They, too, may opt this summer for the steady income of a cleanup contract.

Local fishermen may recoup some lost fishing income — or even enhance their income — by leasing their boats for spill cleanup activities. But local businesses which rely on selling fishing gear, bait and supplies have already lost much of their revenue this spring. Fishers have cancelled orders for new equipment. Restaurants and hotels aren't seeing the usual crowds of fishers returning from the harvest with money to spend. Today, Cordova businesses are just holding on to see if any other fisheries are closed this season. The general lack of confidence in the Cordova economy is countered by hope that the season may remain open.

Possibly the only growth industry in Cordova's near future may be in marine research. A new division of the Alaska Department of Fish & Game is already functioning in Cordova to assess the oil spill impact. Its staff, composed of 24 state and 4 federal workers, will remain in Cordova for several months before relocating to Anchorage to complete the assessment.

Valdez and Cordova are the two largest communities in the Sound. They have both felt the impact of the spill, albeit in different ways.

Whittier Will Be Least Affected by the Spill

Government and transportation are the sources of most jobs in Whittier. A small port town on Prince William Sound, it is connected by railroad to the Seward Highway and Anchorage. During the 1980s, the number of people traveling to and from Whittier by rail rose greatly. (See Figure 6, page 11.) Tens of thousands of people pass through Whittier yearly, but few stay. The town serves as a gateway to tourism and recreation in the Sound, but it is rarely a destination. Of the Sound's five settlements, Whittier will be least affected by the oil spill.

Tatitlek & Chenega Bay: Fear for the Future of a Native Lifestyle

The Tatitlek and Chenega Bay fisheries may suffer a smaller impact than the two larger communities, but the impact will be no less important. Residents of these two sparsely populated native villages rely on subsistence for their way of life. They depend on fish, marine mammals, and land animals for their main sources of food.

The only cash jobs in these villages have been derived from commercial fishing. There is now doubt about the future of the subsistence and commercial fisheries. The cleanup contractors have hired all available villages residents for work on the spill. For now, these two towns currently enjoy a fully employed labor force. Any resident wanting to work for cash is doing just that. But if the spill ruins their subsistence livelihood, these cleanup paychecks may be their only harvest in the near future. Today's zero unemployment rate won't last long. Eventually, the residents of these villages will return to their reliance on subsistence.

Sound's Salmon Catch Makes Up 10-to-20% of State's Total

Of course, residents of the Sound's five communities are not the only harvesters of its abundant fisheries. (See Figure 7, page 12.) In order to gauge what could potentially be lost because of the spill, it's necessary to see what the fisheries looked like before Good Friday.

Table 5 (on page 10) presents the total recent years' catch and value of the Prince William Sound fisheries (as estimated by the Alaska Department of Fish & Game [ADF&G]). The Prince William Sound region (ADF&G's Area E) covers the Sound itself, and areas adjacent to the Bering and Copper Rivers, commonly referred to as 'The Flats'. Table 5 estimates fish value received by fishers (not the wholesale value), and excludes any postseason adjustments often made by processors.

Salmon clearly dominate the Sound's fisheries, accounting for anywhere from less than 10% to nearly 20% of the state's total salmon catch. (See Table 6 on page 14.) The Copper River's early run of red salmon is famous for commanding premium prices. But the pinks are the Sound's most important run in terms of poundage and total value. The 1987 run was unusually large; almost 30 million pinks were harvested. This year, the fry from that record run are returning as adults. An all-time record number of pinks are forecast to be harvested this year, along with a strong return of hatchery-raised pink salmon.

The Sound's five hatcheries' harvests are also included in Table 6. Although aquaculture remains a controversial subject, few deny that the Sound's hatcheries are making a difference in the number of fish made available for harvest. For example, hatchery pinks accounted in 1988 for over 90% of the total pink salmon harvest (since the predicted return of wild stocks never materialized). A record financial harvest occurred in 1988 despite dismal wild stock returns (because prices rose to three times the prior year's level).

Table 6

Catch & Value of Prince William Sound Commercial Salmon Harvest*

(Number of fish, and value in thousands)

	Chinook (king)	Sockeye (red)	Coho (silver)	Pink (humpy)	Chum (dog)	PWS Total	State Total	PWS as % of State Total
1985 Catch	44	1,450	1,025	25,129	1,297	28,945	146,845	19.71
Value						$48,467	$389,637	12.44
1986 Catch	42	1,289	426	11,391	1,700	14,848	127,864	11.61
Value						$29,400	$413,648	7.11
1987 Catch	42	1,738	175	29,230	1,919	33,104	96,432	34.33
Value						$67,500	$478,028	14.12
1988 Catch	32	768	478	11,736	1,841	14,855	99,371	14.95
Value	$2,540	$13,730	$9,190	$33,240	$11,940	$70,640	$741,500	9.53
1989 Catch (forecast)	42	1,314.00	440	46,000.00	1,149.0	48,945	126,964	38.55

* Includes Bering & Copper rivers, Coghill, Unakwik & Eshamy districts, hatcheries and general purse seine.

Estimated ex-vessel value (excludes post-season adjustments).

Source: Alaska Department of Fish & Game

1988 Herring Fishery: $12 Million; 1989 Herring Fishery: $?

Another 1988 Prince William Sound seafood harvest includes over $12 million in herring and herring roe. This fishery has come a long way since 1951 when a study referred to herring roe as a waste product.

However, this spring's four herring fisheries were closed due to the spill, and next fall's herring opening for bait is questionable. Likewise, the sablefish and pot shrimp fisheries were closed due to the spill.

Crab fisheries include tanner, king and dungeness. Depressed stocks kept this January's tanner crab fishery from opening. As elsewhere in Alaska during the 1980s, Prince William Sound crab stocks have been much lower than those of the prior decade. As is made evident in Table 5 (on page 10), though, these herring, sablefish, shrimp and crab fisheries have played a minor role in the Sound's overall fishing scene.

Two State Agencies Will Ensure No Oiled Fish Will Go To Market

Closure of the shellfish, groundfish and herring fisheries will certainly mean lost income to many people. The biggest economic loss in the fisheries, though, would be felt if any future salmon seasons aren't opened.

There are two separate issues at stake here. The first is whether the salmon, adults and fry, will avoid oil contamination. The second is whether consumers will perceive Alaska salmon as being tainted. The first issue was partly answered May 15 when the Copper River Flats area opened to commercial salmon fishing. That day's catch was more than twice that of last year's opening day, despite fewer harvesting boats, tenders and crews. Further, the salmon, according to ADF&G and Department of Environmental Conservation (DEC) officials, were not contaminated by oil. ADF&G and DEC, which have formed a joint 'Interagency Prince William Sound Seafood Quality Assessment Group', is continuing to ensure that no oiled salmon are processed.

The second issue, i.e., the issue surrounding consumers' perception, is no less serious than the first. While a can of Alaska salmon with an oily taste doesn't present the same danger that a can of Alaska salmon with botulism did in 1982, the effect on prices could be similar. The average 1982 price paid for Prince William Sound pink salmon dropped to half of the 1981 level. The catch fluctuated during the next few years, but the price didn't. Pinks caught in 1987 still went for less than they did in 1981. Major efforts are underway now to prevent this same scenario from occurring again.

No Salmon Fishery Will Open If Oil Is Nearby

In the Sound itself, no fishery will be opened in any area where there is oil on the water. Further, no fishery located adjacent to beaches contaminated by oil will be opened. These closures could mean that up to 50% of the Sound's water area will be closed to salmon harvesting this season. Most of the wild stocks, though, are expected to return to nonoiled waters. Operators of hatcheries in the Sound are 'guardedly optimistic' about this year's harvest. So this season's catch may be salvaged.

So far, one small setnet fishery in the Sound has been cancelled. The fate of other salmon fisheries, as of the printing of this article, is unknown.

And if there are salmon openings in the Sound will workers be there to harvest them? Four scenarios exist for fishers. Some may opt to dock their boats for the season. Some may choose not to fish, but lease their boat for spill cleanup work. Others may fish elsewhere. And some may choose to fish Prince William Sound assuming there will be openings. Those salmon fishers who hold a permit for Area E can only fish that area. But any fisher holding more than one permit may opt to fish another area instead of Prince William Sound. Those who hold statewide permits for the harvest of other species may choose to fish elsewhere.

The Fisheries Beyond 1989: An Unanswerable Question For Now

Questions regarding the health and availability of future salmon stocks won't be answered for several years. Many of the pink and chum salmon spawn intertidally. Eggs deposited on oiled beaches this season may not survive. This will affect the pink salmon harvest two years from now, as well as the harvest of other species in later years. Fry were released, as scheduled, in April and May from the Sound's hatcheries. So far there has been no evidence of dead fry. It remains to be seen whether wild salmon stocks will be as lucky.

Shellfish inhabit deeper waters than salmon. Their harvest in Prince William Sound is much smaller than salmon. It is in March through June when shellfish release their eggs. Once released, these eggs float up near the water's surface. They will most likely die if exposed to oil. These considerations leave in doubt the future of the Sound's shellfish harvests. Herring spawn of 1989, too, are expected to be be heavily impacted by the spill, say state biologists.

The oil spill's impact on the Prince William Sound fisheries is already being assessed, analyzed and predicted. But it will be no fewer than five or ten years before there will be any definitive answers to the many, long term questions. Some biologists say there may be short term disasters, but the impact on the Sound's fisheries over the next several years may be minimal. It is far too soon now for any biologist to come up with a definitive answer about long term impacts.

Conclusion:
Short Term Net Gain;
Long Term a Question Mark

Because Valdez has become overnight the center of the oil cleanup effort, a boom town atmosphere prevails there, a situation reminiscent of Nome's gold-induced rush at the turn of the century.

There was little opportunity to plan for this massive mobilization. As a result, this has required the usually quiet town of Valdez to bear many costs associated with the boom — housing and labor shortages, crowded streets and stores, increased crime, and overburdened community services. Yet at the same time, Valdez is reaping many short term economic benefits.

Cordova's picture is quite different. Some describe the town, in its present state, as being deserted. Many Cordova residents and owners of its fishing fleets are now working on the spill. Businesses aren't seeing the usual spring activity. The good news for Cordova is that the Copper River Flats salmon fishery has opened successfully.

The integrity of other Sound fisheries remains in doubt until late June and July. Of primary concern is the salmon catch, the Sound's economic mainstay. Of continuing, but lesser, concern are the herring, bottomfish and shellfish catches.

Of greatest concern for the Sound's two small, native villages is the future of their subsistence resources.

Except for an increase in railroad freight traffic, Whittier has so far escaped many of the spill's impacts.

There is no doubt that the 1989 Prince William Sound economies will experience a substantial net increase in activity. But this increase appears trivial when one ponders what might lie ahead in 1990 and beyond.

Prince William Sound's economic future looked bright prior to the oil spill. Valdez's economic diversification efforts were shaping up nicely. Due to hatchery efforts, the Sound's fish stocks were on a strong upswing. Tourism was growing steadily. It has shown continuing, great potential for attracting additional visitors to Alaska.

Now, though, there is a shadow hanging over this quick and painful economic shot in the arm provided by oil cleanup dollars. It is the danger of a negative economic reaction that could follow. Will the long term economic reaction be positive or negative? Time will render the verdict.

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Nonresident Workers' Impact On Alaska in 1987 Was Significant

by Brynn Keith

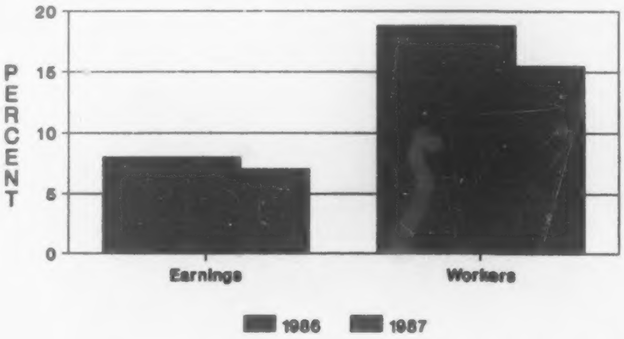
Alaska's economy is in many ways less than stable. Contributing to its instability is its harsh climate, the seasonal nature of many of its industries, and its distance from the other 49 states.

Also aggravating the state's economic instability is the large number of seasonal and transient nonresident workers. Nonresidents contribute to the high rate of unemployment among Alaska residents. Nonresident workers also spend a high percentage of their Alaska earnings outside of the state. Further, a high percentage of nonresidents receive Alaska unemployment insurance benefits while residing out of state.

Nonresident workers' economic impact on Alaska has long been a concern of Alaska's policymakers. The Department of Labor (DOL) annually submits to the legislature a comprehensive report on the subject. This article highlights some of the information contained in the most recent report released in January.[1]

Figure 1

Percent Nonresident Earnings & Workers – Alaska, 1986 & 1987



Source: Alaska Department of Labor, Research & Analysis Section

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[1] This article is derived from *Nonresidents Working in Alaska 1987* a 69-page publication published early this year by the Alaska Department of Labor (DOL). The publication's primary focus was on the amount of Alaska wages earned by nonAlaskans during 1987. *Nonresidents*, mandated by the Alaska legislature and released in January, broke out this information by industry and region, recounting the number of nonAlaskans working in specific industries and specific Alaska regions during 1987. The publication is available free through DOL's Research & Analysis Section.

Table 1

Regular Unemployment Insurance Benefits Paid by State – Ranked by Percentage of Benefits that were Interstate 1987

(excludes supplemental, federal and extended benefits)

		Total Benefits	Interstate Benefits	
Rank	State	Amount paid in millions	Amount paid in millions	Percent of Total
	U.S.	$14,260.9	$838.5	5.9
1	ALASKA	117.3	30.1	25.7
2	Wash., D.C.	67.7	12.9	19.0
3	Delaware	24.5	4.5	18.5
4	Wyoming	48.9	8.7	17.8
5	Nevada	61.9	9.0	14.5
6	Kansas	166.1	19.7	11.9
7	New Hampshire	12.0	1.4	11.5
8	Virginia	128.4	12.9	10.0
9	Nebraska	49.7	4.4	8.8
10	Hawaii	47.3	4.1	8.7
11	Oregon	221.7	18.9	8.5
12	Arizona	122.4	9.5	7.8
13	Connecticut	161.9	12.5	7.7
14	New Jersey	581.3	41.8	7.2
15	Maryland	192.5	13.5	7.0
16	Florida	269.1	18.3	6.8
17	New Mexico	71.9	4.6	6.4
18	Colorado	211.7	13.0	6.1
19	Texas	1,102.2	67.2	6.1
20	Georgia	236.3	14.0	5.9
21	Missouri	225.1	13.3	5.9
22	Maine	51.3	3.0	5.9
23	Louisiana	382.3	22.3	5.8
24	Utah	90.7	5.1	5.6
25	North Dakota	37.7	2.0	5.4
26	Vermont	24.3	1.3	5.4
27	Massachusetts	421.8	22.0	5.2
28	Oklahoma	148.2	7.7	5.2
29	Rhode Island	68.2	3.5	5.2
30	New York	1,108.5	55.7	5.0
31	Washington	356.6	17.9	5.0
32	Arkansas	131.0	6.3	4.8
33	South Carolina	77.3	3.7	4.8
34	North Carolina	202.3	9.5	4.7
35	Montana	45.4	2.1	4.7
36	California	1,840.6	85.9	4.7
37	South Dakota	11.4	0.5	4.6
38	Idaho	66.9	3.1	4.6
39	Illinois	829.6	37.7	4.5
40	Mississippi	100.4	4.4	4.4
41	West Virginia	125.5	5.4	4.3
42	Minnesota	309.9	12.7	4.1
43	Tennessee	167.0	6.3	3.8
44	Pennsylvania	926.3	33.0	3.6
45	Indiana	155.4	5.3	3.4
46	Ohio	651.8	21.8	3.3
47	Kentucky	140.9	4.0	2.8
48	Iowa	130.7	3.7	2.8
49	Alabama	165.9	4.3	2.6
50	Wisconsin	322.9	6.7	2.1
51	Michigan	$956.7	$15.4	1.6

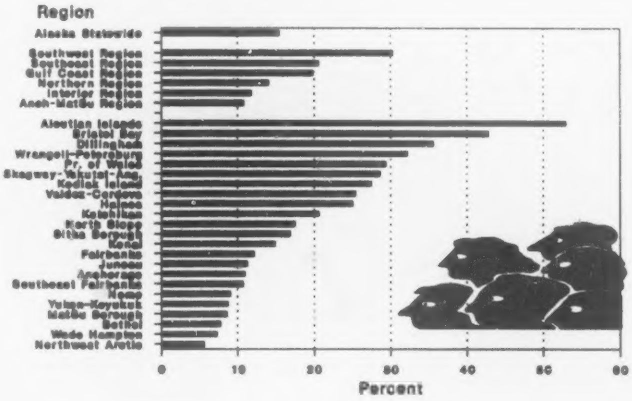
Source: U.S. Department of Labor, Employment & Training Administration

Following are highlights of the report, *Nonresidents Working in Alaska 1987*:

- **In 1987, 15.5% of all Alaska workers — 45,148 persons — were nonresidents.**
- **Compared to all 50 states, Alaska paid the highest proportion of unemployment benefits to out-of-state claimants. The national average for interstate payments in 1987 was nearly 6%. Alaska sent almost 26% of its total benefit payments to out-of-state addresses.**
- **Alaska's food processing industry had both the highest percentage of nonresident earnings and nonresident workers; over 45% of the industry's total earnings were paid to nonresidents, and more than 46% of the industry's workers were nonresidents. (Ninety-five percent of activity in this industry is in seafood processing.)**
- **Of the state's six geographic regions, the Southwest employed the highest percentage of nonresident workers — over 30%. These same workers also received the highest percentage of earnings — 20%. (Seafood processing, the dominant industry in this region, has historically had a large nonresident work force.)**
- **Of the 23 census areas, the Anchorage Borough and the Fairbanks North Star Borough had the largest nonresident work forces — 15,193 and 4,001, respectively.**
- **Nonresidents' average 1987 earnings were about 41% of those earned by resident workers.**
- **7% of Alaska's nonagricultural, nonfederal earnings were paid to nonresident workers in 1987.**

Figure 2

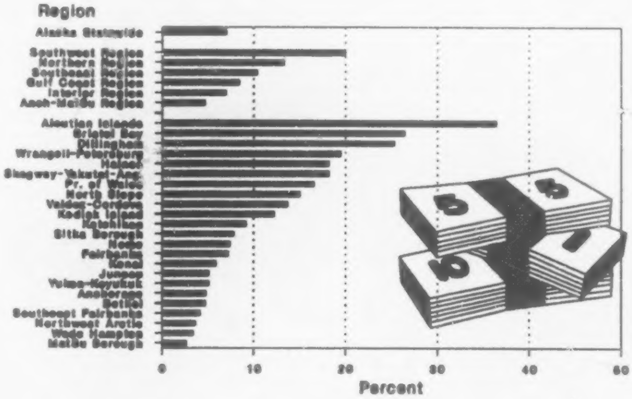
Percent of Workers Who Were Nonresidents — by Geographic Zone, 1987



Source: Alaska Department of Labor, Research & Analysis Section

Figure 3

Percent of Earnings Paid to Nonresidents — by Geographic Zone, 1987



Source: Alaska Department of Labor, Research & Analysis Section

Table 2

Unemployment Insurance Benefits Paid — By Resident Status and Type of Payment Alaska, 1987

	Amount of Payments					
	Residents		Nonresidents		Total	
Type of Payments	(in thous.)	% of Total	(in thous.)	% of Total	(in thous.)	% of Total
In-state	$94,953,209	81.0	$1,829,138	19.3	$96,782,428	76.4
out-of-state	22,267,434	19.0	7,640,827	80.7	29,908,280	23.6
TOTAL	$117,220,643	92.5	$9,469,965	7.5	$126,690,708	100.0

Source: Alaska Department of Labor, Research & Analysis Section

Alaska Was Still Deep in a Recession in 1987

In 1987, Alaska was still experiencing contractions caused by the economic recession which began in 1985. Throughout 1987, economic activity declined in three sectors: oil and gas mining, construction, and state and local government. Although there was improvement in four sectors (fisheries, federal government, timber, and metal mining), the improvements weren't substantial enough to offset employment losses in the other three sectors.

Five of Alaska's nonagricultural industrial sectors sustained the nation's highest unemployment rates in 1987: construction, manufacturing, FIRE (Finance, Insurance & Real Estate), services, and government. Modest improvement in two sectors' unemployment rates — TCU (Transportation, Communications & Public Utilities), and trade — came about as a result of a drop in these industries' labor force. Because these improvements weren't due to improved economic conditions, there was no recovery indicated for these economic sectors.

Amount of UI Payments Sent Out-of-state Was Enormous

Out of all 50 states and Wash., D.C., Alaska ranked Number 1 in 1987 in the percentage of unemployment insurance benefit payments disbursed to out-of-state claimants. Over 25% of the $117.3 million paid in regular benefits went to out-of-state claimants that year. [2]

Although the total unemployment insurance benefits paid in 1987 decreased from the amount paid in 1986, the percentage of out-of-state claims rose by 3.6 percentage points. When compared to the national out-of-state payment percentage of 5.9%, Alaska's 25.7% payments was enormous. (See Table 1.)

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[2] Regular benefits, by definition, exclude state supplemental and federal extended benefits.

Table 3

Annual Earnings, Workers, and Average Earnings by Industry — Alaska, 1987

	Earnings			Workers			Average Earnings		
	Resident	Nonresident		Resident	Nonresident		Resident	Nonresident	
Industry	Earnings (thous.)	Earnings (thous.)	% of Total	no. of Workers	no. of Workers	% of Total	Average Earnings	Average Earnings	As % of Res.
State Government	$626,754	$14,613	2.3	24,575	1,296	5.0	$25,504	$11,276	44.2
Local Government	858,991	15,396	1.8	42,188	2,017	4.6	20,361	7,633	37.5
Agriculture [1]									
Crops	1,161	95	7.6	301	34	10.1	3,857	2,801	72.6
Livestock	585	68	10.4	45	15	25.0	12,989	4,509	34.7
Agricultural Services	5,600	403	6.7	854	112	11.6	6,557	3,602	54.9
Forestry	2,438	101	4.0	85	5	5.6	28,682	20,118	70.1
Fishing/Hunting/Trapping [1]	6,164	2,283	27.0	698	285	29.0	8,831	8,011	90.7
Mining									
Metal [1]	15,186	8,700	36.4	954	377	28.3	15,918	23,076	145.0
Coal	x	x	2.9	x	x	3.3	x	x	89.2
Oil & Gas	472,466	55,685	10.5	11,097	2,051	15.6	42,576	27,150	63.8
Nonmetal/Nonfuel	x	x	11.5	x	x	12.3	x	x	92.3
Construction									
Building	100,672	10,785	9.7	8,271	1,254	13.2	12,172	8,601	70.7
Heavy	122,103	20,259	14.2	7,539	1,328	15.0	16,196	15,255	94.2
Special Trades	136,957	13,776	9.1	10,309	1,692	14.1	13,285	8,142	61.3
Manufacturing									
Food Processing	73,155	60,044	45.1	14,198	12,364	46.5	5,152	4,856	94.3
Textiles	x	x	4.9	x	x	11.8	x	x	38.8
Apparel	474	60	11.3	82	14	14.6	5,779	4,300	74.4
Lumber/Wood	12,988	3,057	19.1	952	333	25.9	13,643	9,179	67.3
Logging	38,847	12,740	24.7	2,071	1,231	37.3	18,758	10,349	55.2
Furniture	x	x	0.0	x	x	0.0	x	x	0.0
Paper	x	x	7.7	x	x	16.8	x	x	41.5
Printing	33,848	1,052	3.0	2,778	242	8.0	12,184	4,349	35.7
Chemicals	x	x	8.1	x	x	6.7	x	x	124.0
Petro Refining	5,439	169	3.0	170	13	7.1	31,995	12,986	40.6
Rubber/Miscellaneous	756	52	6.5	143	18	11.2	5,287	2,903	54.9
Concrete	10,749	202	1.8	616	37	5.7	17,449	5,466	31.3
Primary Metals	238	47	16.4	24	3	11.1	9,937	15,640	157.4
Fabricated Metals	3,222	256	7.4	227	29	11.3	14,196	8,821	62.1
Machinery	848	0	0.0	30	0	0.0	28,276	0	0.0
Electrical Machinery	370	39	9.6	22	5	18.5	16,796	7,820	46.6
Transportation Equipment	2,529	500	16.5	232	78	25.2	10,901	6,416	58.9
Measuring	x	x	0.6	x	x	7.1	x	x	7.9
Miscellaneous	949	0	0.0	82	0	0.0	11,572	0	0.0
Trans., Comm., & Public Utilities									
Local Transit	x	x	11.8	x	x	13.7	x	x	84.7
Motor Freight	52,763	2,951	5.3	3,543	454	11.4	14,892	6,500	43.6
Water Transportation	29,557	5,663	16.1	2,417	459	16.0	12,229	12,337	100.9
Air Transportation	133,421	16,229	10.8	7,057	1,023	12.7	18,906	15,864	83.9
Pipelines	x	x	2.4	x	x	3.1	x	x	78.4
Transportation Services	17,305	1,054	5.7	1,574	193	10.9	10,995	5,461	49.7
Communications	118,022	5,822	4.7	4,561	339	6.9	25,876	17,175	66.4
Utilities	81,624	2,075	2.5	3,080	192	5.9	26,501	10,806	40.8

Note: "x" indicates nondisclosable information.

(cont. on page 22)

Table 3 *(cont. from page 21)*

Annual Earnings, Workers, and Average Earnings by Industry — Alaska, 1987

	Earnings			Workers			Average Earnings		
	Resident	Nonresident		Resident	Nonresident		Resident	Nonresident	
Industry	Earnings (thous.)	Earnings (thous.)	% of Total	no. of Workers	no. of Workers	% of Total	Average Earnings	Average Earnings	As % of Res.
Wholesale Trade									
Durable	118,598	5,856	4.7	6,039	572	8.7	19,639	10,238	52.1
Nondurable	83,790	4,070	4.6	5,210	611	10.5	16,083	6,662	41.4
Retail Trade									
Hardware	24,428	1,047	4.1	2,052	235	10.3	11,904	4,456	37.4
General Merchandise	59,655	2,001	3.2	7,606	649	7.9	7,843	3,083	39.3
Food Stores	110,494	3,969	3.5	12,187	1,292	9.6	9,067	3,072	33.9
Auto/Service Station	71,508	3,270	4.4	5,983	627	9.5	11,952	5,215	43.6
Apparel	15,742	808	4.9	3,272	367	10.1	4,811	2,202	45.8
Furniture	15,746	691	4.2	1,773	179	9.2	8,881	3,860	43.5
Eating/Drinking Places	122,687	13,592	10.0	26,321	5,079	16.2	4,661	2,676	57.4
Miscellaneous Retail	172,786	3,583	4.7	9,187	964	9.5	7,923	3,717	46.9
Finance, Ins., & Real Estate									
Banking	114,919	3,145	2.7	5,965	394	6.2	19,266	7,982	41.4
Credit Agencies	11,961	439	3.5	850	50	5.6	14,072	8,787	62.4
Brokers	12,161	317	2.5	376	26	6.5	32,344	12,174	37.6
Insurance	27,193	537	1.9	1,068	65	5.7	25,462	8,256	32.4
Insurance Agents	32,894	851	2.5	1,640	121	6.9	20,057	7,037	35.1
Real Estate	25,905	1,450	5.3	3,263	354	9.8	7,939	4,097	51.6
Investment Company	37,747	1,734	4.4	3,211	182	5.4	11,755	9,527	81.0
Services									
Hotels	56,524	6,465	10.3	9,572	1,961	17.0	5,905	3,297	55.8
Personal Services	19,018	948	4.7	3,408	345	9.2	5,580	2,748	49.2
Business Services	84,366	8,879	9.5	10,935	1,810	14.2	7,715	4,905	63.6
Auto Repair	28,080	2,185	7.2	2,938	344	10.5	9,557	6,353	66.5
Miscellaneous Repair	16,388	3,211	16.4	1,351	265	16.4	12,130	12,118	99.9
Motion Pictures	5,302	482	8.3	1,919	239	11.1	2,763	2,018	73.0
Recreation Services	15,050	1,611	9.7	4,074	648	13.7	3,694	2,486	67.3
Health Services	208,027	7,070	3.3	11,804	926	7.3	17,623	7,635	43.3
Legal Services	59,733	1,944	3.2	2,624	201	7.1	22,764	9,670	42.5
Private Education	13,667	883	6.1	1,241	159	11.4	11,013	5,554	50.4
Social Services	63,624	2,453	3.7	8,461	697	7.6	7,520	3,519	46.8
Museums	651	28	4.1	109	6	5.2	5,972	4,639	77.7
Membership Organizations	56,343	1,864	3.2	6,818	505	6.9	8,264	3,691	44.7
Private Household/Domestics	2,338	40	1.7	102	20	16.4	22,921	2,021	8.8
Engineering, Accounting & Management	126,352	14,607	10.4	7,660	1,404	15.5	16,495	10,404	63.1
Miscellaneous Services	11,241	2,657	19.1	763	149	16.3	14,732	17,831	121.0
Nonclassifiable	4,207	837	16.6	685	103	13.1	6,142	8,130	132.4
TOTAL	$4,820,554	$365,147	7.0	246,489	45,148	15.5	$19,557	$8,088	41.4

Source: Alaska Department of Labor, Research & Analysis Section

1/ Data includes only nonagricultural wage and salary employees covered by unemployment insurance. Consequently, data provided for this industry may not be representative of the industry as a whole.

In 1987, nonresidents working in Alaska received $9.5 million in unemployment benefits. That figure amounted to 7.5% of all unemployment insurance benefit payments paid that year. Of all benefit payments disbursed to nonresidents, over 80% were mailed to out-of-state addresses. In contrast, only 19% of all unemployment insurance benefits paid to Alaskans were mailed out-of-state. (See Table 2.)

Sources of Data:

These earnings and employee data were developed by crossmatching 1987 DOL wage records with Alaska Department of Revenue 1987 and 1988 permanent fund dividend records. Workers classified as residents are those who applied for a 1987 or a 1988 dividend.

Workers and earnings data were drawn from DOL wage records. The wage file includes only those workers who are covered by the Alaska Employment Security Act. Excluded from the Act are those employed with the federal government, private railroads, or in agriculture. Also excluded are fishers, full-commission retail sellers, and domestic and unpaid family workers. The wage file also excludes elected and appointed officials.

Yet the workers who are covered by the Act are representative of the Alaska work force. Thus, this analysis gives a fair approximation of the effect of nonresident workers on the Alaska economy.

The Recession Drove Out Many Nonresident Workers

Nonresidents figured less prominently in the Alaska economy in 1987 than they did in 1986. Both the percentages of nonresident earnings and workers dropped in 1987 to levels lower than those seen in 1986. The percentage of earnings received by nonresidents in 1987 dropped nearly two percentage points to 7%. Similarly, nonresident

Table 4

Comparison of Residents and Nonresidents Between 1986 and 1987 for Selected Industries —Alaska

	Earnings (thousands)						Workers					
	Resident		Nonresident		Nonresident		Resident		Nonresident		Nonresident	
	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987
Metal Mining 1/	$11,852	$15,186	$3,903	$8,700	24.8	36.4	709	954	253	377	26.3	28.3
Oil & Gas	487,371	472,466	80,103	55,685	14.1	10.5	11,558	11,097	3,143	2,051	21.4	15.6
Building Construction	111,437	100,672	17,787	10,785	13.8	9.7	10,269	8,271	2,110	1,254	17.0	13.2
Heavy Construction	167,162	122,103	48,745	20,259	22.6	14.2	10,041	7,539	3,072	1,328	23.4	15.0
Special Trades Construction	169,153	136,957	20,609	13,776	10.9	9.1	12,448	10,309	2,344	1,692	15.8	14.1
Food Processing	55,036	73,155	61,342	60,044	52.7	45.1	10,155	14,198	13,521	12,364	57.1	46.5
Lumber/Wood Manufacturing	4,632	12,988	1,096	3,057	19.1	19.1	429	952	88	333	17.0	25.9
Logging	36,075	38,847	11,906	12,740	24.8	24.7	1,998	2,071	1,131	1,231	36.1	37.3
TOTAL	$5,076,010	$4,820,554	$486,430	$365,147	8.7	7.0	252,072	246,489	58,333	45,148	18.8	15.5

Source: Alaska Department of Labor, Research & Analysis Section

1/ Data includes only nonagricultural wage and salary employees covered by unemployment insurance. Consequently, data provided for this industry may not be representative of the industry as a whole.

Table 5

Annual Earnings, Workers, and Average Earnings by Geographic Zone — Alaska, 1987

	Earnings			Workers			Average Earnings		
	Resident	Nonresident		Resident	Nonresident		Resident	Nonresident	
Geographic Zone	Earnings (thous.)	Earnings (thous.)	% of Total	no. of Workers	no. of Workers	% of Total	Average Earnings	Average Earnings	As % of Res.
Alaska Statewide	$4,820,554	$365,147	7.0	246,489	45,148	15.5	$19,557	$8,088	41.4
Anchorage-MatSu Region	2,358,155	116,355	4.7	129,353	15,884	10.9	18,230	7,348	40.3
Anchorage Borough	2,259,781	113,691	4.8	123,643	15,193	10.9	18,277	7,483	40.9
MatSu Borough	98,374	2,664	2.6	7,357	691	8.6	13,371	3,855	28.8
Gulf Coast Region	313,558	28,835	8.4	24,640	6,093	19.8	12,726	4,732	37.2
Kenai Peninsula Borough	206,561	12,983	5.9	15,356	2,701	15.0	13,452	4,807	35.7
Kodiak Island Borough	60,486	8,459	12.3	5,441	2,063	27.5	11,117	4,101	36.9
Valdez-Cordova	46,510	7,392	13.7	4,318	1,474	25.4	10,771	5,015	46.6
Interior Region	497,028	37,353	7.0	33,259	4,486	11.9	14,944	8,327	55.7
Fairbanks Borough	444,388	34,645	7.2	28,777	4,001	12.2	15,442	8,659	56.1
Southeast Fairbanks	13,493	592	4.2	1,516	183	10.8	8,900	3,236	36.4
Yukon-Koyukuk	39,147	2,115	5.1	3,592	345	8.8	10,898	6,131	56.3
Northern Region	377,810	58,115	13.3	16,575	2,734	14.2	22,794	21,257	93.3
Nome	46,581	3,735	7.4	3,794	377	9.0	12,277	9,907	80.7
North Slope Borough	300,511	53,205	15.0	10,508	2,226	17.5	28,598	23,901	83.6
Northwest Arctic Borough	30,718	1,176	3.7	2,484	148	5.6	12,366	7,946	64.3
Southeast Region	439,112	51,137	10.4	29,457	7,987	21.3	14,907	6,402	42.9
Haines Borough	20,842	4,646	18.2	1,376	461	25.1	15,147	10,077	66.5
Juneau Borough	138,762	7,545	5.2	10,050	1,273	11.2	13,807	5,927	42.9
Ketchikan Gateway Bor.	128,696	13,049	9.2	8,489	2,206	20.6	15,160	5,915	39.0
Pr. of Wales-Outer Ketch.	24,354	4,828	16.5	2,563	1,067	29.4	9,502	4,525	47.6
Sitka Borough	58,402	5,000	7.9	4,530	921	16.9	12,892	5,429	42.1
Skagway-Yakutat-Angoon	20,422	4,541	18.2	1,926	772	28.6	10,603	5,883	55.5
Wrangell-Petersburg	47,633	11,527	19.5	3,861	1,836	32.2	12,337	6,278	50.9
Southwest Region	170,955	42,771	20.0	15,862	7,079	30.9	10,778	6,042	56.1
Aleutian Islands	44,328	25,407	36.4	3,435	3,860	52.9	12,905	6,582	51.0
Bethel	66,299	3,310	4.8	6,769	568	7.7	9,795	5,828	59.5
Bristol Bay Borough	13,306	4,794	26.5	1,448	1,083	42.8	9,189	4,427	48.2
Dillingham	24,983	8,481	25.3	2,909	1,614	35.7	8,588	5,255	61.2
Wade Hampton	22,038	779	3.4	2,221	175	7.3	9,923	4,454	44.9
Geographic Area Unknown	$36,498	$15,804	30.2	4,332	2,244	34.1	$8,425	$7,043	83.6

Source: Alaska Department of Labor, Research & Analysis Section

Note: Wages paid to state government employees are excluded from all regions and census areas, but included at the statewide level.

participation in the Alaska work force fell from nearly 20% in 1986 to 15.5% in 1987. (See Figure 1.)

The drop in nonresidents' participation in Alaska's 1987 economy can be attributed in part to the recessionary conditions prevalent in the state at that time. Fewer job opportunities, and an improvement in the economies of the other 49 states made Alaska a less attractive destination in 1987 for nonresident workers.

Analysis of Nonresident Workers by Industry

The Food Processing Industry Had Highest Nonresident Work Force

Compared with all industry sectors, food processing had the highest nonresident payroll and the largest nonresident work force — in both absolute and percentage terms — in 1987. [3] (See Table 3.) Although the number of nonresident workers in this industry remained fairly constant from 1986 to 1987, a rise in the employment of resident workers resulted in a lower percentage of nonresident workers and earnings. (See Table 4.)

As industry data suggest, 1987 was an excellent year for Alaska's seafood industry. A number of factors contributed to the success of the 1987 season: the phase-out of foreign fleets in U.S.-controlled waters, improvement in the domestic bottomfishery, and comparatively strong salmon runs. Also contributing to the 1987 prosperity were high prices for many species.

Historically, there has been a large nonresident work force in seafood processing due to the seasonal nature of the work and the remoteness of many of the job site locations. Although food processing maintained its standing in 1987 as the industry with the highest percentage of both nonresident workers and earnings, the percentages did decline from their 1986 levels. As Table 4 indicates, the percentage of nonresident workers dropped from 1986 to 1987. Consequently, resident workers benefitted from the majority of the 1987 rise in economic activity.

Alaskans Now Getting More of Alaska's Construction Jobs

The decline in the construction industry, which began in 1986, continued throughout 1987. All three portions of the industry — building, heavy and special trades — were affected by the slow down. However, it was the heavy construction group where the drop in activity was most noticeable.[4] Earnings in heavy construction decreased by 34% — $73 million. The number of workers fell in a similar manner.

Fewer nonresident workers were competing in 1987 for Alaska construction jobs for two reasons: the downturn in this state's construction industry has decreased the overall number of jobs, and the renewed strength in western states' construction industries have drawn nonAlaskans southwards. Those available construction jobs increasingly went to resident workers. In 1986, resident workers garnered nearly 78% of all Alaska construction jobs; in 1987, Alaskans had more than 84% of the state's total construction jobs.

Increased Mining Activity Drew More Nonresident Workers

Both exploration expenditures and mineral production in Alaska's mineral industry showed a marked improvement in 1987. About 94% of all mineral production was concentrated in gold, coal, and sand and gravel. Alaska produced approximately $105 million in gold during 1987. For the first time since the 1960s the volume of gold production in 1987 exceeded the value of all other minerals combined. On the down side, though, sand and gravel production dropped 43% from its 1986 level. This decline was attributable to the pronounced drop in the development of oil fields and in the development of infrastructure.

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[3] In 1987, the Alaska seafood processing industry accounted for 95% of the activity in the entire food processing sector. Consequently, food processing industry data can be interpreted as seafood processing information.

[4] Working in the heavy construction industry are general contractors engaged in projects including — but not limited to — highways and streets, bridges, marine projects, sewers, and railroads.

Employee earnings in metal mining rose by $8 million in 1987. Nonresidents increased their earnings share that year by 11.6 percentage points to 36.4%.

Past research indicates many of the technical, highly-paid occupations have been filled by nonresidents. As a result, nonresidents working in metal mining have earned a higher than average wage compared to that earned by resident workers. In 1987, nonresidents earned an annual average of $23,076, whereas residents earned an annual average of $15,918.

As Oil & Gas Activity Slumped, So Too Did Number of Workers

The year 1987 marked the 10th anniversary of production start up at the nation's largest oil field, Prudhoe Bay. Between 1977 and 1987, Alaskans experienced both the boom that came from the sale of vast quantities of oil, and the bust created by the 1985 fall of oil prices.

Throughout 1987, the oil and gas mining industry experienced the economic contraction created by the price falls that started in 1985. The industry's total number of workers dropped from 1986 levels, as did total earnings for these workers.

Also down in 1987 was the percentage of earnings and workers attributed to nonresidents. For the first time since 1985, nonresident earnings in oil and gas were not the highest (compared to all other Alaska industries). The food processing sector edged out oil and gas in the 1987 rankings. These changes in ranking were, most likely, due both to the constriction in the oil and gas industry and to the growth in the food processing industry.

There Were Few Work Force Changes in the Timber Industry

The forest products industry experienced a year of recovery in 1987. A strengthening of export markets, fueled by a rise in the value of the Japanese yen, resulted in an excellent year for the timber industry. Both the number of timber workers and their earnings exceeded 1986 levels. (See Table 4.)

Prices for logs, lumber, and pulp all rose in 1987. As a result, the production season was extended from 8 to 11 months. This expanded season contributed to a rise in average wages received by resident workers.

Despite the higher number of employees in 1987, the percentage breakdown of nonresident workers and earnings closely approximated 1986 levels. The percentage of earnings received by nonresidents working in the logging industry showed a minuscule drop in 1987. Whereas, the nonresident component of the logging work force edged up slightly during the same period.

Historically, Tourism Has Always Employed Many Nonresidents

Although tourism activity in 1987 didn't match the banner year of 1986, it was successful nevertheless. The Vancouver Expo and the threat of international terrorism in 1986 encouraged many tourists to look to Alaska for vacation opportunities. The return in 1987 to pre-1986 levels of growth wasn't unexpected. The 1987 drop didn't indicate an overall decline in the long term health of Alaska's tourism industry.

Statistical data for the tourism industry is not readily available. There is no single industry associated with tourism activity. Rather, tourism affects many industries, including retail trade, recreational services, hotels, and various transportation sectors. Due to this fracturing of the industry data, actual earnings and workers information for the tourism industry is difficult to chart. Consequently, only general inferences can be offered about industry activity in 1987.

Historically, the tourism industry has employed high numbers of nonresident workers. Many tourism jobs are characterized by comparatively low wages and long hours. Nonresident college students, interested in adventure and the prospect of relatively good wages, are attracted to this industry.

Analysis of Nonresident Workers by Geographic Area

Fishing Ports Had the Greatest Percentage of Nonresident Workers

Very little changed in 1987 in the two geographic rankings: the highest percentage of nonresidents in the work force, and the highest percentage of earnings paid to nonresidents.

Despite increases in resident fishing employment, those communities with the highest percentages of nonresident earnings and workers were the ones dependent on fishing for a significant portion of their economic activity. Of all the 23 Alaska census areas, those which had the highest percentages of nonresident workers in 1987 were: the Aleutian Islands, Bristol Bay Borough, Dillingham, Wrangell-Petersburg, and Prince of Wales-Outer Ketchikan. (See Figure 2.)

The ranking of census areas by percentage of earnings paid to nonresidents closely resembled the areas' ranking by percentage of nonresident workers. The only exception was that the Haines and Skagway-Yakutat-Angoon census areas tied for the 5th highest nonresident payroll (in percentage terms), edging out Prince of Wales-Outer Ketchikan for that ranking. (See Figure 3.)

Improved Bottomfisheries Drew Nonresidents to Aleutians

The number of nonresidents working in the Aleutian Islands rose dramatically from 1986 to 1987. This is explained, in part, by the rise in the bottomfishery. With 3,860 nonresidents employed in 1987, the Aleutian Islands ranked 3rd — of the 23 census areas — in the number of nonresidents employed.

Greatest Number of Nonresidents Were in Anchorage and Fairbanks

As expected, given the population density of the Anchorage and Fairbanks North Star boroughs in 1987, the greatest number of nonresidents were employed in these areas. Employers whose offices were located in the Anchorage Borough employed 15,193 nonresidents in 1987; those in the Fairbanks North Star Borough employed 4,001. (See Table 5.)

Nonresidents Drew the Highest Pay in the Northern Region

In the Northern Region, nonresident workers received average earnings 93.9% as high as resident workers. This figure far exceeds the state average of slightly over 41%. The disparity can be accounted for by the economic dominance in this region of the North Slope Borough, and the prevalence of the oil and gas industry. Many of the highly paid, technical occupations in this industry are filled by nonresidents.

Alaskans Want Job Preference Given to Alaskans

The 1988 resident hire vote changing the state constitution indicates that Alaskans support the idea of hiring Alaska residents. There is substantial disagreement, however, over just how this should be accomplished.

In its current form, the state's local hire law requires that the State of Alaska play an active role in ensuring resident workers are not displaced by nonresidents. Employment preference determinations, made by the commissioner of the Alaska Department of Labor, are used to meet the statutory requirements of local hire legislation. By evaluating various economic criteria, the commissioner determines which areas of the state qualify for employment preference.

Although employment preference determinations only apply to public works projects, the impact of the resident hire program has been broad. Through its data collection efforts and the annual publication of *Nonresidents Working in Alaska*, the Alaska Department of Labor has significantly increased employer awareness of the resident hire issue.

In addition, occupational information collected by DOL can be used to improve resident employment opportunities throughout the economy. The resident hire occupational data base can be used to help evaluate vocational training programs, and identify occupations with high rates of growth. This information is available to educators and job searchers.

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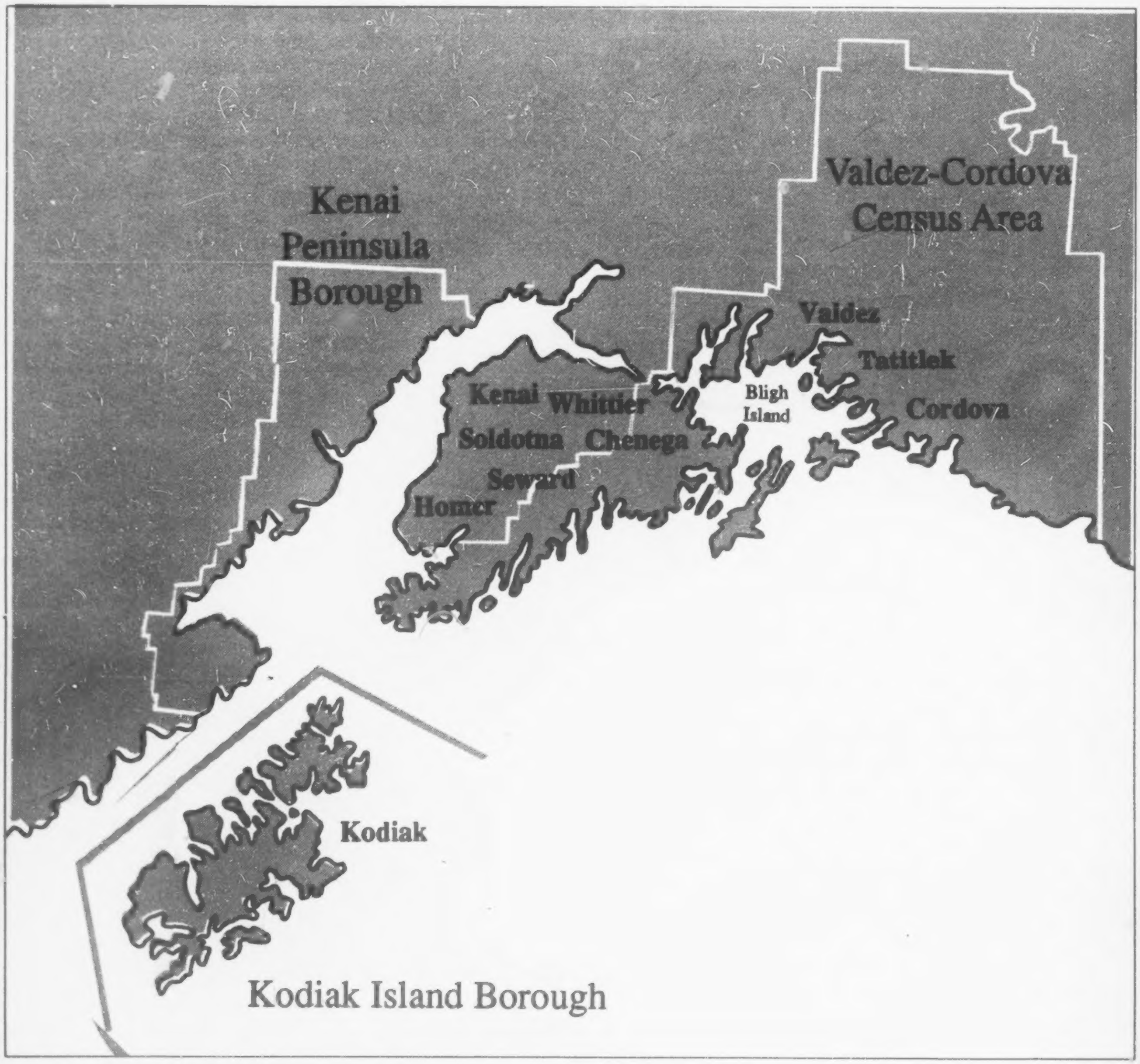
Gulf Coast Region


Kenai
Peninsula
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Valdez-Cordova
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Tatitlek
Cordova
Bligh Island
Kenai
Whittier
Soldotna
Chenega
Seward
Homer
Kodiak
Kodiak Island Borough

April Employment Boosted by Oil Spill Impact

by Holly Stinson

April employment figures usually show an upward seasonal swing. But this April's customary seasonal increase received an additional boost when almost 2,000 new jobs were created to deal with the Prince William Sound oil spill. The spill caused statewide employment to rise and unemployment to plummet in April. While Gulf Coast communities bore the brunt of these wild swings in the labor market, other areas of the state were affected, too.

State's Unemployment Rate Dropped One Full Percentage Point

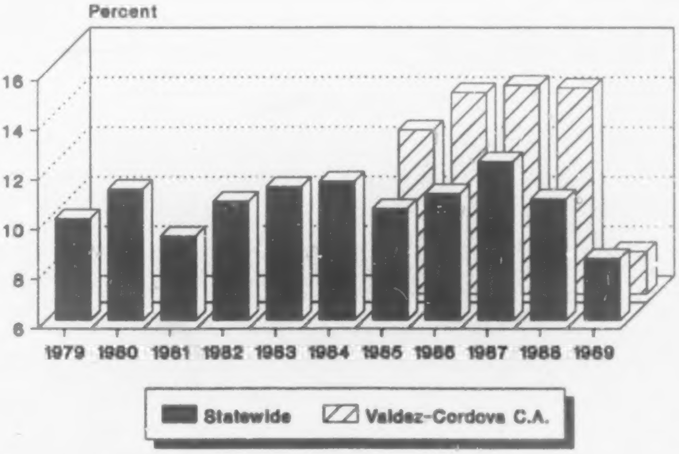
The statewide April unemployment rate dropped a full percentage point from 9.5 to 8.5. There were nearly 6,000 more Alaska jobs in April 1989 than in April 1988. (See Table 1 and Figure 1.) Yet employers in many areas were finding it difficult to hire workers. Low paying jobs in communities directly affected by oil cleanup activity went unfilled. Also unfilled were jobs in far away Anchorage and Fairbanks. Among the businesses searching unsuccessfully for workers were restaurants, day care centers, and gas stations.

Spill Pressures Gulf Coast Labor Market

For many Gulf Coast communities Good Friday 1989 will mark the break between pre- and post-spill economic periods. While the pre-spill days can be characterized as calm, the post-spill days were chaotic. Pouring into Valdez, Cordova, Seward, Homer and Kodiak were news media workers, state and federal officials, Exxon employees, and job searchers. Vacant hotel rooms disappeared. Restaurants filled. Air traffic skyrocketed. Tremendous pressure was placed on the five communities' services. Compounding the problem was the exodus of many local workers for higher paying jobs with the cleanup contractors. Help wanted signs appeared all over. Local jobs went begging.

Figure 1

April Unemployment Rates — 1979-1989



Rate for Valdez-Cordova Census Area unavailable prior to1985.

Source: Alaska Department of Labor, Research & Analysis Section

Table 1

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 4/89	r/ 3/89	4/88	Changes from: 3/89	4/88
Nonag. Wage & Salary	213,100	206,900	207,300	6,200	5,800
Mining	10,200	10,100	9,400	100	800
Construction	7,200	6,500	7,800	700	-600
Manufacturing	12,800	12,000	12,900	800	-100
Seafood Processing	6,200	5,800	6,100	400	100
Lumber & Paper Products	3,300	3,000	3,500	300	-200
All Other Manufacturing	3,300	3,200	3,300	100	0
Trans., Comm. & Utilities	18,600	16,500	16,300	2,100	2,300
Trucking & Warehousing	2,200	2,200	2,000	0	200
Water Transportation	2,700	1,000	900	1,700	1,800
Air Transportation	5,400	5,200	5,200	200	200
Communications	3,200	3,100	3,200	100	0
All Other Transportation	5,100	5,000	5,000	100	100
Trade	41,500	40,200	40,600	1,300	900
Wholesale	7,500	7,300	7,200	200	300
Retail	34,000	32,900	33,400	1,100	600
Gen. Merch. & Apparel	4,900	4,800	4,600	100	300
Food Stores	6,100	6,000	5,900	100	200
Eating & Drinking Places	12,800	11,900	12,500	900	300
All Other Retail	10,200	10,200	10,400	0	-200
Finance, Ins. & Real Estate	10,600	10,600	10,700	0	-100
Services	42,800	42,200	42,000	600	800
Hotels & Other Lodging	4,100	3,900	4,100	200	0
Government	69,400	68,800	67,600	600	1,800
Federal	17,400	17,400	17,600	0	-200
State	21,000	20,700	19,900	300	1,100
Local	31,000	30,700	30,100	300	900

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Although the Exxon Valdez ran aground in March, the consequences of the spill cleanup effort didn't show in Alaska Department of Labor (DOL) statistics until April. What these statistics revealed is partly the subject of this column.

Valdez-Cordova Unemployment Was Cut in Half

The April unemployment rate for the Valdez-Cordova Census Area was almost half the March level, dropping from 14.5% to 7.7%. The unemployment rate for the entire Gulf Coast area (see map, page 28) was five full percentage points below April 1988 (10.3% vs. 15.3%). (See Table 4, page 35.) This rate would have likely been lower were it not for some job searchers declining to accept lower paying local jobs in hopes of being hired for higher paying cleanup jobs.

Jobs Jump in the Transportation Industry

Even with many local jobs vacant, Gulf Coast employment rose overall by 14% over April of 1988. Most of the rise appeared in the transportation industry, the industry where oil spill cleanup workers are classified. This rise caused employment in the TCU (Transportation, Communications and Utilities) sector to jump an unusual 135% above April 1988. Veco and Norcon, subcontractors to Exxon, created an additional 1,600 jobs by April 12. These numbers were expected to escalate in May and June into several thousand.

It's expected that Gulf Coast employment will climb to astronomical levels this summer; meanwhile, its unemployment rate will likely continue to fall.

Added employment in the air transportation industry is an indicator of the hectic condition at the local airports. Traffic soared in April as people scurried to survey the spill and

Nonagricultural Wage and Salary Employment
By Place of Work

Anchorage Borough

	p/	r/		Changes from:	
	4/89	3/89	4/88	3/89	4/88
Nonag. Wage & Salary	100,750	99,100	98,850	1,650	1,900
Mining	3,750	3,700	3,250	50	500
Construction	3,200	3,200	3,850	0	-650
Manufacturing	2,550	2,200	2,550	350	0
Trans., Comm. & Utilities	9,200	8,950	8,850	250	350
Trucking & Warehousing	1,450	1,450	1,200	0	250
Water Transportation	400	300	300	100	100
Air Transportation	3,300	3,200	3,250	100	50
Communications	1,800	1,750	1,800	50	0
All Other Transportation	2,250	2,250	2,300	0	-50
Trade	24,550	23,950	23,400	600	1,150
Wholesale	5,750	5,550	5,400	200	350
Retail	18,800	18,400	18,000	400	800
Gen. Merch. & Apparel	2,450	2,350	2,300	100	150
Food Stores	3,000	2,950	2,750	50	250
Eating & Drinking Places	7,650	7,550	7,400	100	250
All Other Retail	5,700	5,550	5,550	150	150
Finance, Ins. & Real Estate	6,950	7,000	7,150	-50	-200
Services	24,550	24,050	24,000	500	550
Government	26,000	26,050	25,800	-50	200
Federal	9,750	10,000	10,200	-250	-450
State	7,550	7,450	7,050	100	500
Local	8,700	8,600	8,550	100	150

Fairbanks North Star Borough

	p/	r/		Changes from:	
	4/89	3/89	4/88	3/89	4/88
Nonag. Wage & Salary	25,200	24,500	24,950	700	250
Mining	100	100	150	0	-50
Construction	1,250	1,050	1,250	200	0
Manufacturing	600	550	550	50	50
Trans., Comm. & Utilities	1,750	1,750	1,650	0	100
Trucking & Warehousing	400	400	350	0	50
Air Transportation	250	250	250	0	0
All Other Transportation	1,100	1,100	1,050	0	50
Trade	5,450	5,200	5,650	250	-200
Wholesale	700	650	700	50	0
Retail	4,750	4,550	4,950	200	-200
Food Stores	750	750	750	0	0
All Other Retail	4,000	3,800	4,200	200	-200
Finance, Ins. & Real Estate	800	750	800	50	0
Services	5,600	5,550	5,500	50	100
Government	9,650	9,550	9,400	100	250
Federal	2,750	2,700	2,750	50	0
State	4,250	4,250	4,050	0	200
Local	2,650	2,600	2,600	50	50

Anchorage-MatSu Region

	p/	r/		Changes from:	
	4/89	3/89	4/88	3/89	4/88
Nonag. Wage & Salary	106,550	105,000	105,100	1,550	1,450
Mining	3,800	3,750	3,250	50	550
Construction	3,350	3,400	4,000	-50	-650
Manufacturing	2,600	2,300	2,600	300	0
Trans., Comm. & Utilities	9,800	9,600	9,450	200	350
Trade	25,700	25,100	24,900	600	800
Finance, Ins. & Real Estate	7,350	7,400	7,550	-50	-200
Services	25,450	24,950	25,100	500	350
Government	28,500	28,500	28,250	0	250

Interior Region

	p/	r/		Changes from:	
	4/89	3/89	4/88	3/89	4/88
Nonag. Wage & Salary	28,850	28,000	28,900	850	-50
Mining	300	300	300	0	0
Construction	1,300	1,100	1,350	200	-50
Manufacturing	600	550	600	50	0
Trans., Comm. & Utilities	2,050	2,000	1,950	50	100
Trade	5,700	5,500	5,950	200	-250
Finance, Ins. & Real Estate	800	800	900	0	-100
Services	6,150	5,950	6,050	200	100
Government	11,950	11,800	11,800	150	150

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

(cont. on page 32)

Table 2 *(cont. from page 31)*

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	4/89	3/89	4/88	3/89	4/88
Nonag. Wage & Salary	30,850	29,550	29,900	1,300	950
Mining	250	250	150	0	100
Construction	900	800	1,000	100	-100
Manufacturing	4,750	4,100	4,950	650	-200
Seafood Processing	1,400	1,100	1,250	300	150
Lumber & Paper Products	3,050	2,700	3,450	350	-400
All Other Manufacturing	300	300	250	0	50
Trans., Comm. & Utilities	2,150	2,050	2,050	100	100
Trade	4,800	4,650	4,500	150	300
Wholesale	450	450	400	0	50
Retail	4,350	4,200	4,100	150	250
Finance, Ins. & Real Estate	1,000	1,000	1,050	0	-50
Services	4,900	4,750	4,650	150	250
Government	12,100	11,950	11,550	150	550
Federal	1,950	1,900	1,900	50	50
State	5,500	5,450	5,200	50	300
Local	4,650	4,600	4,450	50	200

Gulf Coast Region

	p/	r/		Changes from:	
	4/89	3/89	4/88	3/89	4/88
Nonag. Wage & Salary	20,300	18,050	17,850	2,250	2,450
Mining	800	800	800	0	0
Construction	700	650	700	50	0
Manufacturing	2,500	2,600	2,450	-100	50
Seafood Processing	1,800	1,900	1,850	-100	-50
All Other Manufacturing	700	700	600	0	100
Trans., Comm. & Utilities	3,050	1,400	1,300	1,650	1,750
Trade	3,550	3,300	3,350	250	200
Wholesale	550	500	450	50	100
Retail	3,000	2,800	2,900	200	100
Finance, Ins. & Real Estate	550	550	550	0	0
Services	3,400	3,150	3,150	250	250
Government	5,750	5,300	5,550	150	200
Federal	500	500	500	0	0
State	1,800	1,700	1,600	100	200
Local	3,450	3,400	3,450	50	0

Southwest Region

	p/	r/		Changes from:	
	4/89	3/89	4/88	3/89	4/88
Nonag. Wage & Salary	13,000	12,750	12,550	250	450
Seafood Processing	2,350	2,450	2,200	-100	150
All Other Private	4,300	4,050	4,200	250	100
Government	6,350	6,250	6,150	100	200
Federal	1,300	1,300	1,250	0	50
State	550	550	500	0	50
Local	4,500	4,400	4,400	100	100

Northern Region

	p/	r/		Changes from:	
	4/89	3/89	4/88	3/89	4/88
Nonag. Wage & Salary	13,300	13,050	12,850	250	450
Mining	4,950	4,750	4,900	200	50
All Other Private	3,900	3,850	3,700	50	200
Government	4,450	4,450	4,250	0	200
Federal	350	350	350	0	0
State	350	350	350	0	0
Local	3,750	3,750	3,550	0	200

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section

Table 3

Alaska Hours and Earnings for Selected Industries 1/2

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88
Mining	$1,080.48	$1,120.72	$1,215.54	48.0	48.6	50.5	$22.51	$23.06	$24.07
Construction	1,058.83	903.06	977.32	45.6	39.8	41.5	23.22	22.69	23.55
Manufacturing	606.53	574.37	510.50	48.6	49.6	37.1	12.48	11.58	13.76
Seafood Processing	454.64	469.44	302.78	51.9	57.6	33.2	8.76	8.15	9.12
Lumber & Paper Prod.	797.04	632.72	703.50	48.6	40.9	41.9	16.40	15.47	16.79
Trans., Comm. & Utilities	587.53	572.60	594.46	36.2	35.0	36.9	16.23	16.36	16.11
Trade	375.36	361.88	377.65	34.0	33.2	33.9	11.04	10.90	11.14
Wholesale	519.92	520.52	523.71	38.8	38.5	39.2	13.40	13.52	13.36
Retail	324.94	309.33	327.10	32.3	31.5	32.1	10.06	9.82	10.19
Finance-Ins. & Real Estate	412.92	415.93	406.39	37.2	35.1	35.9	11.10	11.85	11.32

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

to shuttle supplies. A Valdez airport tower was reactivated to handle the increased traffic. Alaska Department of Transportation officials estimate the number of pre-spill flights at Valdez to be 20 per day; since the spill, the daily flights have sometimes topped 600. Jobs in this industry are at or above their normal summer levels.

Gulf Coast Restaurants and Hotels Expand Hours

Gulf Coast's trade and services sectors also saw healthy employment increases over the month, as well as over the year. While some rise was expected for this time of year, much of this year's jump occurred as an indirect effect of the oil spill. Many hotels that had been closed for the winter opened ahead of schedule this spring. Restaurants and other retail businesses increased their employee numbers in April to summer levels—when they were lucky enough to find willing workers. Those employers who didn't find additional workers expanded the number of hours their current employees were working.

Anchorage Jobs Rose 2% in April

In Anchorage, the construction industry, showing no seasonal rise, remained a drag on the economy during April. The FIRE (Finance, Insurance and Real Estate) sector also hindered Anchorage's economic recovery. This sector has lost 50 jobs since March of this year and 200 jobs since April 1988. These numbers still exclude the 450 lost jobs when Alliance Bank was closed in late April. Many Alliance employees have found jobs since with the two entities overseeing the failed bank's assets, National Bank of Alaska and the FDIC (Federal Deposit Insurance

Corporation). But May statistics are sure to record another employment drop for this sector.

One factor keeping Anchorage's overall growth rate on the positive side has been a sizeable rise in oil-related employment (reflected in the mining category). Also contributing to a 2% over-the-year rise in Anchorage jobs were increases in the services and trade sectors. (See Table 2, pages 31 & 32.)

Fairbanks Economy Boosted by Construction at Military Bases

Once again, Fairbanks is one of the few hot spots statewide for seasonal construction activity. Projects begun last summer are continuing at the community's two military installations. The startup of new projects has propped up this weakened industry for another season. The military construction budget for Fairbanks projects is over $100 million for the Federal Fiscal Year Ended September 1989.

Fairbanks' retail trade has started slow this season. This might reflect a cautious outlook toward this summer's tourist traffic. Recent advertising promotions have assured prospective tourists that Alaska remains a worthwhile destination despite the oil spill. But many people who rely on tourism for their livelihoods are crossing their fingers, hoping that the advertisements will succeed.

Bradley Lake & Red Dog — Other Construction Projects of Consequence:

Besides the Fairbanks military projects, construction projects of consequence elsewhere are the Bradley Lake Hydroelectric Project on the Kenai Peninsula near Homer, and Cominco's Red Dog lead and zinc mine in the Northern region near Kotzebue. Work began this past spring on Bradley Lake's $32 million powerhouse. This project, spanning two years, will employ a small number of workers over a long period of time. In contrast, Red Dog construction workers will peak at several hundred during this summer's push for a late 1989 completion.

Lumber Slows in the Southeast

The Southeast lumber industry didn't pace its April 1988 employment figures. A Wrangell sawmill temporarily shut down due to environmental and supply concerns. Another in Haines cut back to a day shift operation. These cutbacks contributed to an over-the-year loss of 450 jobs. But April 1989 employment was still higher than the slow months of February and March 1989. Further, it will remain difficult for the industry to even equal its April 1988 record when there were 500 more jobs than any other April of this decade.

Although lumber is off to a slow start in the Southeast Region, a strong market should allow for the May and/or June employment figures to be close to last year's numbers.

Seafood Processing Declines in Gulf Coast

The Southeast enjoyed a slight rise in seafood processing jobs during April (compared to March numbers). But in the Gulf Coast, this sector's employment figures fell from the March numbers. While the decline was not considerable, the drop came at a time when seafood processing jobs should have risen. The Gulf Coast's seafood processing jobs hit their lowest April level in four years.

Kodiak's fish processors are seeing slowed activity for two distinct reasons: 1) A small portion of Kodiak's herring fishery was cancelled as a result of oil being in the fishery's waters. This affected about 13% of the usual spring harvest. 2) A recent 24-hour halibut opening netted a smaller catch than last year. The reasons attributed to this smaller catch were twofold: a smaller fleet (many boats were — and still are — under contract to Exxon for oil cleanup), and rough weather.

The oil spill will negatively affect Gulf Coast's seafood processors throughout 1989, and possibly beyond this season. In Prince William Sound, the four spring herring fisheries have been closed altogether. Processors geared up, though, when there was a heartening catch of salmon in the Copper River flats. The processors are not only worried about more oil-caused fishery closures, but they are also worried whether they will have a sufficient labor force this summer to process any fish that are harvested.

Summary

The Good Friday oil spill spread to the Gulf Coast labor market. Gulf Coast employment numbers vaulted through the ceiling after the spill added direct and indirect jobs to the region's economy. At the same time, however, many businesses couldn't hire enough people to fill local job openings. Pressure on local businesses rose even more as the tourist season began.

The statewide unemployment rate dropped to a record April low, dropping to 8.5% in April from 9.5% in March. This was the lowest April rate in at least a decade. Impressive, too, was the change in the unemployment rate for the Valdez-Cordova Census Area. There the rate fell from 14.5% to 7.7%.

Trade and services businesses throughout Alaska exhibited their usual spring increases.

Seafood processing jobs declined in the Gulf Coast and the Southwest but remained strong in the Southeast.

The Southeast's lumber industry fell off last year's pace but showed a seasonal rise from March levels.

Anchorage's job market showed a 2% over-the-year increase.

Fairbanks' economy grew less than 1%.

Statewide, an already expanding economy got an unexpected boost in April when almost 2,000 new jobs were added to the economy to deal with the oil spill.

Statewide employment levels are expected to remain above usual seasonal levels — especially in the Gulf Coast — throughout this summer.

About the author:

Holly Stinson is a labor economist employed with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. She is based in Juneau.

Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88	p/ 4/89	r/ 3/89	4/88
Alaska Statewide	232,842	234,596	235,822	22,024	23,624	26,236	9.5	10.1	11.1	210,818	210,972	209,586
Anch.-MatSu Region	121,670	122,562	124,599	9,517	9,962	11,985	7.8	8.1	9.6	112,153	112,600	112,614
Anchorage Borough	107,956	109,259	110,428	7,272	7,575	9,273	6.7	6.9	8.4	100,684	101,684	101,155
MatSu Borough	13,714	13,303	14,171	2,245	2,387	2,712	16.4	17.9	19.1	11,469	10,916	11,459
Gulf Coast Region	24,194	24,561	24,220	3,310	3,529	3,830	13.7	14.4	15.8	20,884	21,032	20,390
Kenai Peninsula Borough	15,402	15,586	15,422	2,564	2,657	2,888	16.6	17.0	18.7	12,838	12,929	12,534
Kodiak Island Borough	5,009	5,111	4,988	194	262	287	3.9	5.1	5.8	4,815	4,849	4,701
Valdez-Cordova	3,783	3,864	3,810	552	610	655	14.6	15.8	17.2	3,231	3,254	3,155
Interior Region	33,975	34,457	34,417	4,417	4,586	5,225	13.0	13.3	15.2	29,558	29,871	29,192
Fairbanks North Star Bor.	29,132	29,476	29,433	3,534	3,607	4,152	12.1	12.2	14.1	25,598	25,869	25,281
Southeast Fairbanks	2,010	2,073	2,056	345	390	411	17.2	18.8	20.0	1,665	1,683	1,645
Yukon-Koyukuk	2,833	2,908	2,928	538	589	662	19.0	20.3	22.6	2,295	2,319	2,266
Northern Region	7,892	8,118	7,934	704	817	812	8.9	10.1	10.2	7,188	7,301	7,122
Nome	2,991	3,081	3,030	311	359	374	10.4	11.7	12.3	2,680	2,722	2,656
North Slope Borough	2,838	2,920	2,800	156	196	143	5.5	6.7	5.1	2,682	2,724	2,657
Northwest Arctic Borough	2,063	2,117	2,104	237	262	295	11.5	12.4	14.0	1,826	1,855	1,809
Southeast Region	33,456	33,043	32,973	3,383	3,904	3,358	10.1	11.8	10.2	30,073	29,139	29,615
Haines Borough	864	831	832	127	117	106	14.7	14.1	12.7	737	714	726
Juneau Borough	14,660	14,284	14,447	919	968	915	6.3	6.8	6.3	13,741	13,316	13,532
Ketchikan Gateway Bor.	6,215	6,132	6,047	708	797	624	11.4	13.0	10.3	5,507	5,335	5,423
Pr. of Wales-Outer Ketch.	2,640	2,759	2,605	414	603	413	15.7	21.9	15.9	2,226	2,156	2,192
Sitka Borough	3,876	3,842	3,886	281	359	346	7.2	9.3	8.9	3,595	3,483	3,540
Skagway-Yakutat-Angoon	1,735	1,770	1,762	402	478	449	23.2	27.0	25.5	1,333	1,292	1,313
Wrangell-Petersburg	3,466	3,425	3,394	532	582	505	15.3	17.0	14.9	2,934	2,843	2,889
Southwest Region	11,655	11,855	11,679	693	826	1,026	5.9	7.0	8.8	10,962	11,029	10,653
Aleutian Islands	3,185	3,214	3,185	42	52	131	1.3	1.6	4.1	3,143	3,162	3,054
Bethel	4,447	4,514	4,427	322	364	418	7.2	8.1	9.4	4,125	4,150	4,009
Bristol Bay Borough	450	460	447	43	51	52	9.6	11.1	11.6	407	409	395
Dillingham	2,096	2,156	2,086	136	184	182	6.5	8.5	8.7	1,960	1,972	1,904
Wade Hampton	1,477	1,511	1,534	150	175	243	10.2	11.6	15.8	1,327	1,336	1,291

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Source: Alaska Department of Labor, Research & Analysis Section

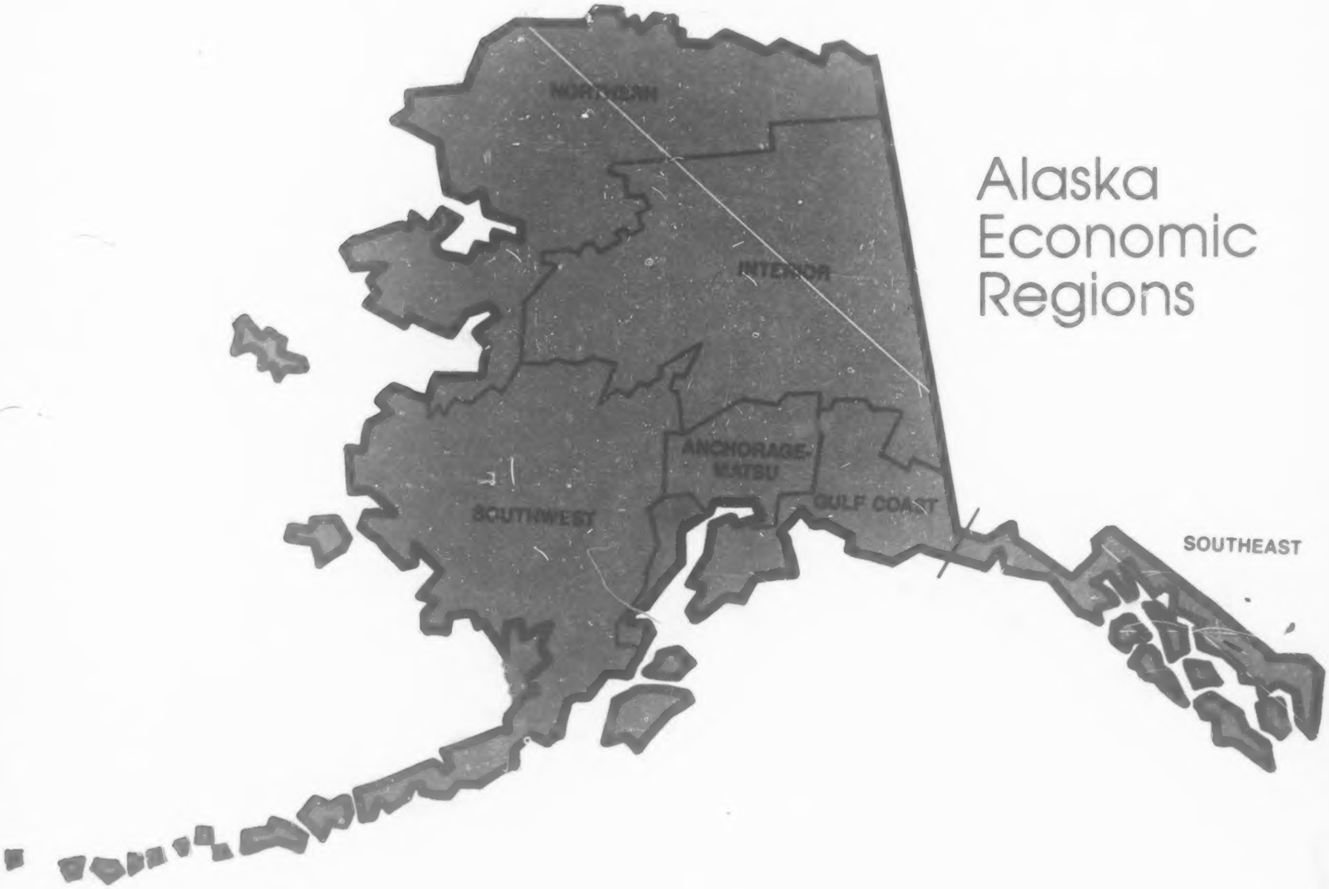
Newly Released DOL Publications

Available as of the last few weeks through the Alaska Department of Labor (DOL) Research & Analysis Section (R&A) are three issues of the *Statistical Quarterly*:

- *Statistical Quarterly 1st Quarter 1988,*
- *Statistical Quarterly 2nd Quarter 1988*, and
- *Statistical Quarterly 3rd Quarter 1988.*

Like the title reads, *Statistical Quarterly* is a quarterly publication of statistical tables which report in detail — by industry and census area — Alaska nonagricultural wage and salary employment and earnings.

Each of the three publications are available free from DOL R&A.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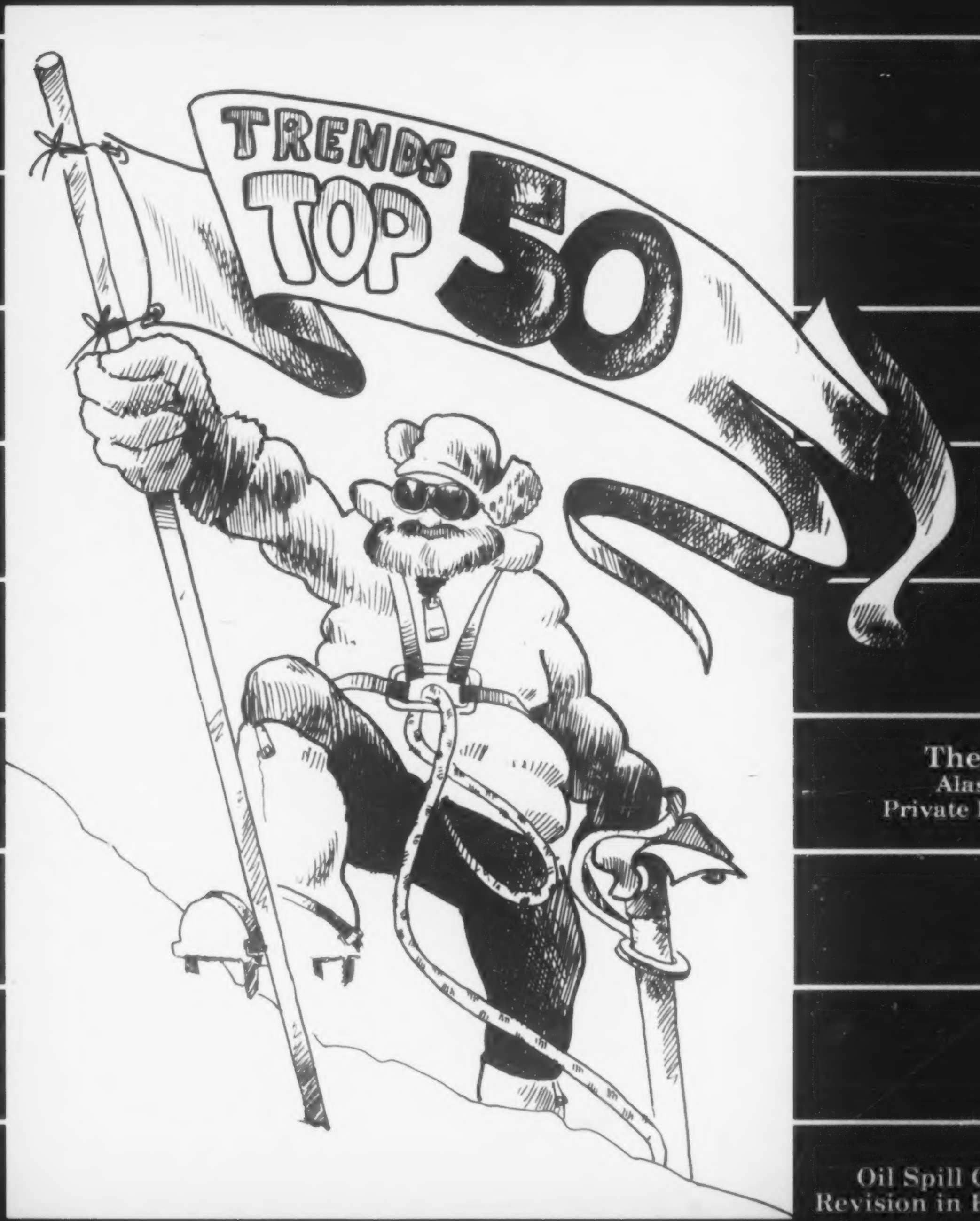

The Trends 50
Alaska's Largest
Private Employers in 1988

Oil Spill Causes an Upward Revision in Employment Forecast

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC
TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

We welcome contributions on current economic issues from our readers. For a copy of our editorial policy contact the Editor, *Alaska Economic Trends*, Alaska Department of Labor, P.O. Box 25501, Juneau, Alaska 99802-5501, Telephone: (907) 465-4500.

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Cover Design by Jim Fowler

The Trends 50-1988: Alaska's 50 Largest Private Employers

By Neal Fried and Holly Stinson

The Trends 50, Alaska's 50 largest private employers, are a diverse group. (see Table 1.) They represent employers such as Union Oil of California, which shows up in the nation's Fortune 500 Group, along with the Salvation Army, a social service agency. Their size varies from Atlantic Richfield (ARCO) with 2,774 employees to Our Lady of Compassion Care Center with 315 employees. Every industry in the private sector except construction is represented in the Trends 50.

Employers Enjoyed 3% Growth in 1988

In 1988 the Trends 50 employers had a better year, employment-wise, than in 1987. Collectively, their employment forged ahead by 3% after experiencing a 2% decline in 1987. Their recovery was more robust than Alaska's overall employment picture which grew by only 1% in 1988.

Trends 50 Employ More than 31,500

Although they represent less than 1% of all the employers in the state, the Trends 50 are a dominant force on Alaska's employment scene. On an annual basis, Alaska's 50 largest private firms employ a total of 31,871 employees. They are responsible for 22% of the private sector wage and salary jobs. If Alaska's government jobs were included, the Trends 50 would still represent 15% of all wage and salary employment.

Alaska's 50 largest private firms employ a total of 31,871 employees.

Trends 50 Pay More Than The Average Employer

Since Alaska's largest firms account for 22% of private sector jobs, it might be assumed that they account for a similar percentage of private sector payroll. However,the Trends 50's total payroll is an even higher share because their wages tend to be above average. In 1988, the Trends 50's $1.1 billion payroll represented 29% of all private sector wages. Likewise, adding in the government sector, their share of total payroll was proportionately higher (18%) than their share of the jobs (15%). The Trends 50's share of employment and wages has remained relatively stable over the past three years.

Most Large Employers Are Not Alaskan-Owned or Alaska-Based

A majority (32) of the Trends 50 employers are not locally based or owned. For example, BP Exploration's U.S. headquarters are in Cleveland, but they have operations worldwide. Carr-Gottstein and VECO Inc. are the only locally-based companies represented in the top five. However, the size of locally-owned and locally-based firms varies considerably as Table 2 attests.

Anchorage Is Usually Home Base . . .

Thirty-seven of the largest employers have either their Alaska headquarters or their largest site in Anchorage. All of the retail companies, financial institutions, oil firms, and transportation companies are headquartered in Anchorage. Five of the state's largest employers involved in the timber and fishing industries are headquartered in Southeast. There is a sprinkling of others in such geographically

Table 1

Alaska Economic Trends
ALASKA'S TOP 50 EMPLOYERS
(Based on 1988 average employment)

1988 Rank	1987 Rank	Firm and Headquarters or Largest Site (Business Activity)	1988 Average Employment	1988 Rank	1987 Rank	Firm and Headquarters or Largest Site (Business Activity)	1988 Average Employment
1	1	ARCO Alaska Inc., Anchorage *Oil & Gas Production*	2,774	14	14	MarkAir, Anchorage *Air Carrier*	698
2	2	Carr-Gottstein Inc., Anchorage *Retail-grocery*	2,378	15	*	Westmark Hotels Inc., Anchorage *Hotel*	666
3	3	Providence Hospital, Anchorage *Hospital*	1,650	16	19	Icicle Seafoods Inc., Petersburg *Seafood Processing*	653
4	4	BP Exploration Inc., Anchorage *Oil & Gas Production*	1,375	17	13	1st Nat. Bank of Anchorage, Anchorage *Banking*	628
5	6	VECO Inc., Anchorage *Oil Field Services*	1,003	18	17	Humana Hospital Alaska Inc., Anchorage *Hospital*	595
6	7	Safeway Stores Inc., Anchorage *Retail-grocery*	932	19	20	Fred Meyer Shopping Centers, Anchorage *Retail-general merchandise*	582
7	10	National Bank of Alaska, Anchorage *Banking*	926	20	15	Alaska USA Fed. Credit Union, Anchorage *Credit Union*	540
7	5	Lutheran Hospital & Homes Society, Fbks *Health Care*	926	21	22	Sears, Roebuck & Co., Anchorage *Retail-general merchandise*	494
9	8	Alyeska Pipeline Service Co., Anchorage *Pipeline*	891	22	24	Nordstrom Inc., Anchorage *Retail-general merchandise*	489
10	12	Ketchikan Pulp Mill, Ketchikan *Pulp & Lumber Products*	862	23	*	Alliance Bank, Anchorage *Banking*	468
11	9	Alascom Inc., Anchorage *Telephone Communications*	822	24	23	Union Oil Co. of California, Anchorage *Oil & Gas*	453
12	11	Alaska Airlines Inc., Anchorage *Air Carrier*	803	25	39	International Seafoods of Alaska, Kodiak *Seafood Processing*	445
13	18	Trident Seafood Corp., Dutch Harbor *Seafood Processing*	750	26	27	J. C. Penney Co., Anchorage *Retail-general merchandise*	435

continued page 3

Table 1

continued from page 2

Alaska Economic Trends

ALASKA'S TOP 50 EMPLOYERS

(Based on 1988 average employment)

1988 Rank	1987 Rank	Firm and Headquarters or Largest Site (Business Activity)	1988 Average Employment
27	30	Alaska Pulp Corporation, Sitka *Pulp & Lumber Products*	425
28	37	Tanana Chiefs Conference Inc., Fairbanks *NonProfit Services*	400
29	40	Salvation Army Alaska Division, Anchorage *NonProfit Services*	398
30	*	Klukwan Forest Products, Juneau *Logging*	397
31	36	Alaska Commercial Company, Anchorage *Retail-general merchandise*	380
32	*	ERA Aviation Inc., Anchorage *Air Carrier*	379
33	34	Captain Cook Hotel, Anchorage *Hotel*	378
34	33	Anchorage Daily News, Anchorage *Newspaper*	374
35	35	Burger King, Anchorage *Retail-eating establishments*	371
36	31	Lamonts Inc., Anchorage *Retail-apparel*	369
37	29	Felec Services Inc., Fairbanks *Radar Station Operator*	364
38	*	Yukon Kuskokwim Health Corp., Bethel *Health Care*	363
39	21	Sea Land Freight Services, Anchorage *Truck & Warehousing*	362
40	41	Dynair Service Inc.**, Anchorage *Transportation Service*	352
41	*	North Pacific Processors, Cordova *Seafood Processing*	348
42	38	Anchorage Times Publishing, Anchorage *Newspaper*	343
43	45	Wrangell Forest Products, Ltd., Ketchikan *Wood Products*	342
44	tie *	Wards Cove Packing Co. Inc., Naknek *Seafood Processing*	337
44	tie *	Fairbanks Enterp. Partnership, Anchorage *Retail-eating establishments*	337
46	tie 43	Chugach Electric Assoc. Inc., Anchorage *Electric Utility*	326 $_5$
46	tie *	Key Bank of Alaska, Anchorage *Banking*	326 $_5$
48	*	Alaska Petroleum Contractors, Anchorage *Oil Field Services*	324 $_4$
49	42	Anchorage Westward Hilton, Anchorage *Hotel*	323 $_3$
50	44	Our Lady of Compassion Care Ctr., Anch. *Health Care*	315 $_5$

* New Firms in 1988 Top 50

* *Name change from Servair in late 1987

Table 2

Top 50 Companies Owned and Based in Alaska

Top 50 Rank		
2	Carr-Gottstein Inc.	2,378
5	VECO Inc.	1,003
7	National Bank of Alaska	926
14	MarkAir	698
17	First National Bank of Anchorage	628
20	Alaska USA Federal Credit Union	540
23	Alliance Bank	468
28	Tanana Chiefs Conference Inc.	400
30	Klukwan Forest Products	397
33	Captain Cook Hotel	378
35	Burger King	371
38	Yukon Kuskokwim Health Corp.	363
42	Anchorage Times Publishing Co.	343
43	Wrangell Forest Products Ltd.	342
44	Fairbanks Enterprises Partnership	337
46	Chugach Electric Association Inc.	326
48	Alaska Petroleum Contractors Inc.	324
49	Anchorage Westward Hilton Corp.	323

Source: Alaska Department of Labor, Research & Analysis

diverse areas as Bethel, Dutch Harbor and Fairbanks.

. . . But Trends 50 Have Worksites Throughout The State

The Trends 50 employers' presence are felt throughout the state. Almost all have operations in more than one location, and these locations include more than 50 Alaska communities. For example, National Bank of Alaska's 926 employees worked in 32 sites. Alascom's 822 employees were stationed in 48 different communities while Alaska Commercial Company staff were in 21 locations. By contrast, there are a few employers whose staff all work in one community, such as Providence Hospital's 1,650 employees or The Captain Cook Hotel's 378 employees who are all based in Anchorage.

> Movement among the Trends 50 reflects the mid-80's recession.

All Industries Except Construction Included in Trends 50

The Trends 50 are not only geographically diverse but they also cover most sectors of the economy. This year's list includes firms involved in mining, manufacturing, T.C.U. (transportation, communications and utilities), trade, finance and services. (see Figure 1) The construction sector, represented by one firm in the last July's Trends 50 article, is the only industry missing from this year's list.

Service and Manufacturing Sectors Lead the List

The services sector is tied with manufacturing for having the most companies (11) in the Trends 50. This is not surprising considering that jobs in the service industry are 30% of all private sector employment. Services accounted for the second-highest employment (6,378) among the Trends 50. However, these 11 firms account for only 15% of total services employment, the smallest industry share of any Trends 50 category. (see Figure 2)

Large service employers include three hotels, two nonprofit organizations, and a radar station operator. A commentary on the mid-80s recession can be obtained by observing the movement of certain companies in the Trends 50: one service organization, the Salvation Army, steadily moved up in the Trends 50 rankings — #50 in 1986, #40 in 1987, #29 in 1988. During the same period, Spenard Builders, a retailer serving the construction industry, steadily declined —#27 in 1986, #46 in 1987, out of the Trends 50 in 1988.

Five service employers in the Trends 50 deliver health care. Together, they employ more than 40% of all workers in the health care industry. Because of the nature of the service they provide, these firms employ staff on an around-the-clock basis. Staffing three shifts a day, every day of the year, shows up in the statistics: Anchorage's two private hospitals — Providence and Humana — along with the Fairbanks-based Lutheran Hospital rank in the top 20 of the Trends 50 list for the 4th year in a row.

Figure 1

TRENDS 50 EMPLOYERS BY INDUSTRY

MINING

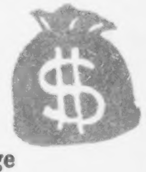
ARCO Alaska Inc.
BP Exploration Inc.
VECO Inc.
Union Oil Co. of California
Alaska Petroleum Contractors Inc.

TRANSPORTATION, COMMUNICATION & UTILITIES

Alyeska Pipeline Service Co.
Alascom Inc.
Alaska Airlines Inc.
MarkAir
ERA Aviation Inc.
Sea Land Freight Services
Dynair Services Inc.
Chugach Electric Association Inc.

SERVICES

Providence Hospital
Lutheran Hospital & Homes Society
Westmark Hotels Inc.
Humana Hospital Alaska Inc.
Tanana Chiefs Conference Inc.
Salvation Army Alaska Division
Captain Cook Hotel
Felec Services Inc.
Yukon Kuskokwim Health Corp.
Anchorage Westward Hilton Corp.
Our Lady of Compassion Care Center

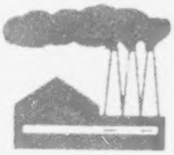


FINANCE, INSURANCE & REAL ESTATE

National Bank of Alaska
First National Bank of Anchorage
Alaska USA Federal Credit Union
Alliance Bank
Key Bank of Alaska

TRADE

Carr-Gottstein Inc.
Safeway Stores Inc.
Fred Meyer Shopping Centers
Sears, Roebuck & Co.
Nordstrom Inc.
J. C. Penney Co.
Alaska Commercial Company
Burger King
Lamonts Inc.
Fairbanks Enterprises Partnership



MANUFACTURING

Ketchikan Pulp Mill
Trident Seafoods
Icicle Seafoods
International Seafoods
Alaska Pulp Corp.
Klukwan Forest Products
Anchorage Daily News
North Pacific Processors
Anchorage Times Publishing Co.
Wrangell Forest Products
Wards Cove Packing Co.

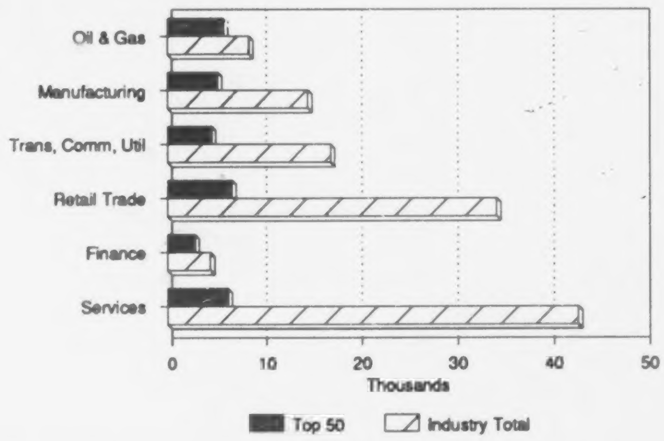
Nine of the 11 manufacturing firms in the Trends 50 deal with timber and fish. The four companies producing lumber and paper products employ over half of all workers in this sector. The five seafood processors in the Trends 50 account for 1/3 of total seafood processing employment. The two daily Anchorage newspapers make up the rest of the manufacturers in the Trends 50 for 1988. As a group manufacturing increased their share of Trends 50 employment to 17% (see Figure 3) from 12.3% in 1987.

Mining and Finance Sectors Small but Mighty

The two industries with the smallest number of firms in the Trends 50 are mining and finance-insurance-real estate (F.I.R.E.). However, they are also two of the smallest sectors, employment-wise, in Alaska's economy. In 1988, mining and F.I.R.E. made up, respectively, 6.5% and 7.3% of all nongovernment employment.

Figure 2

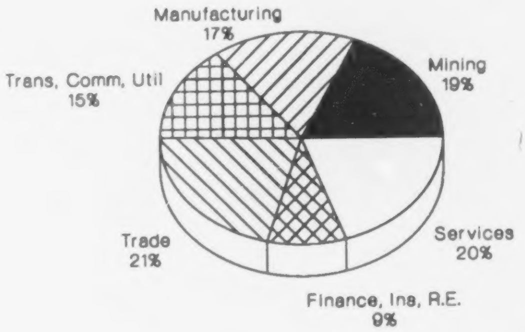
Industry Employment Top 50 and Total — 1988



Source: Alaska Department of Labor, Research & Analysis

Figure 3

Top 50 Employment by Industry — 1988



Source: Alaska Department of Labor, Research & Analysis

The five firms in the finance, insurance and real estate industry are either banks or credit unions. They account for 65% of all employment in the finance portion of this industry. Three of the firms — National Bank of Alaska, First National Bank of Anchorage, and Alaska USA — have consistently appeared in the Trends 50 since it was first published in 1985. The other two — Alliance and Key Bank of Alaska — were formed by mergers and reorganization of other banks. As such, they reflect the turmoil seen in Alaska's financial industry in the past three years. This turmoil continued into 1989 with the closing of Alliance in April.

The largest private employer in 1988 came from the oil and gas sector of the mining industry. ARCO Alaska Inc. had the highest annual average employment at 2,774. They also ranked number one in each of the prior three years. The other four Trends 50 employers from the mining industry are also in the oil and gas sector. These five companies dominate the oil and gas industry, providing 62% of its jobs. The oil field service company VECO Inc. has steadily climbed in employment and ranking, from 11 in 1985 to 5 in 1989. Although no hard rock mining companies are listed, this may change in the future if the current boom in hard rock mining continues.

Transportation and Trade Round Out the Trends 50

The eight firms in the transportation, communications and utilities category are a varied group. Half are air carriers or linked to the air industry. This is not surprising in a state so reliant on air transportation, whose largest city bills itself as the "Air Crossroads of the World".

Nine firms in trade — more specifically, retail trade — round out the Trends 50 employers. All nine have appeared in the Trends 50 list previously. As a group, their employment grew 6% in 1988 after suffering a 7.2% decrease in 1987. But they have a smaller slice of the 1989 "Trends 50 pie" — 21% of total Trends 50 employment rather than the 25.8% posted last year. The Carr-Gottstein enterprise (which includes other Carr-Gottstein companies in addition to the grocery chain) is the number two employer in the state for the fourth consecutive year. The second largest retailer, Safeway Stores, employs less than half the staff that Carr-Gottstein does.

New Companies in Trends 50 for Varied Reasons

There are ten new names in the Trends 50 this year. (see Table 3.) Some are companies whose employment has

Table 3

Top 50 Arrivals and Departures for 1988

New Firms

- Alaska Petroleum Contractors
- Alliance Bank 1/
- ERA Aviation
- Fairbanks Enterprises 2/
- Key Bank 3/
- Klukwan Forest Products 3/
- North Pacific Processors 3/
- Wards Cove Packing Co 3/.
- Westmark Hotels 4/
- Yukon Kuskokwim Health Corp.

Displaced Firms

- All Alaskan Seafoods
- Anchorage Cold Storage
- Long Island Development Inc.
- McDonald's 2/
- Pay N Save
- Sheffield Enterprises 4/
- Spenard Builders
- Transportation & Marketing Systems
- Wilsyk Alaska
- Yukon Office Supply

1/ New bank formed in late 1987 by merging United Bank Alaska and Alaska Mutual Bank.

2/ The McDonald's franchise was sold and divided; Fairbanks Enterprises owns the Anchorage and Mat-Su McDonald's franchises.

3/ Due to a change in company structure, more employees are being included in the reports submitted to AK DOL under this company name.

4/ Sheffield Enterprises was purchased by Holland/America Westours, operating as Westmark Hotels.

grown; a majority made the list due to structural change within an organization or a merger of some type.

Jobs at Wards Cove Packing, a seafood processor in several small Alaskan communities, grew from an annual average of 8 in 1987 to 337 in 1988. But the "growth" was actually a reorganization which caused employees previously under other firm names to be included as employees of Wards Cove Packing.

Other firms had employment increases due to steady growth of their organization. Usually, these companies are in an industry which is enjoying economic growth. For example, Alaska Petroleum Contractors, serving the oil fields, has grown along with increased oil exploration activity.

Firms Drop Out for Different Reasons

Ten companies which ranked among the state's 50 largest employers based on 1987 annual average employment are missing from the Trends 50 list for 1988. Their departure varied across industries, but trade suffered the most with five firms dropping out. Some had just enough of a decline in employment to bump them off the list (for example, two of the missing retailers rank 51st and 52nd). The absence of one retail firm, Spenard Builders, is a commentary on the condition of Alaska's construction industry. Other firms are missing for reasons such as a company reorganization or buyout. Mining and finance are the two industries which did not lose at least one employer on the Trends 50 list.

Summary

The Trends 50, Alaska's 50 largest private employers, are a varied lot. They represent every industrial group except construction and they range in size from just over 300 to more than 2,700. Although only a small fraction of the firms in the state, the Trends 50 employ almost a quarter of the private sector wage and salary work force. Most of the Trends 50 are neither Alaska-based nor Alaskan-owned, but a majority claim Anchorage as their Alaska "home base". Nevertheless, their presence in Alaska's communities is widespread.

Some of the Trends 50 firms dominate their respective industries — for example, more than half of the jobs in the oil and gas industry are in the Trends 50. The Trends 50 may be large but they are also a changeable group, with ten new players on the 1988 list. After losing employment for the past two years, their overall picture finally brightened in 1988. One thing is certain — these employers wield a major influence on Alaska's employment scene.

About the authors:

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Holly Stinson is a labor economist with the same Anchorage office.

Definitions and Explanations

Employment data were obtained from the unemployment insurance reports. Employment figures reported are the total number of people working during the payroll period which includes the 12th of each month regardless of how many hours they worked.

Annual average employment is calculated by summing the 12 monthly figures reported to the Alaska Department of Labor and dividing the total by 12.

Total employment of a parent company will not be captured, and therefore not appear in the Trends 50, if subsidiaries file unemployment insurance reports under separate account numbers.

Confidentiality laws protect employment information. Therefore it was necessary to receive written permission from each employer to release their employment information. We would like to thank the 50 employers in this article for their cooperation, without which this article would not have been possible.

This article ranks the top 50 companies based on 1988 average annual employment. The July 1988 article ranked companies based on 1986 average employment since only 6 months of 1987 data were available at the time. However, companies appear in the "Arrivals and Departures" table based on their change in average annual employment from 1987 to 1988.

Oil Spill Causes an Upward Revision in Employment Forecast

By Neal Fried

In Alaska's pre-spill economy we forecast that employment would grow 1.4% in 1989. Although this rate of growth would not have been impressive, it would have been a welcome change from the previous three years. Instead, Alaska's economy is now chugging along at twice that rate, mostly because of the thousands of workers hired to work on the oil spill cleanup.

Unemployment Rate Accelerating Downward

The unemployment rate was inching down in Alaska's pre-oil spill economy, but now it's sliding fast. May's unemployment rate of 7.7% is the lowest recorded for that month in the past 15 years. Just a year ago the unemployment rate stood at the double digit level of 10%. One of the most dramatic improvements in the unemployment rates has taken place in the Valdez-Cordova census area where the unemployment rate has been sliced by more than half. Other areas in the state have also registered noticeable improvements in their unemployment rates. (see Table 4)

1989—Finally a Better Year for the Job Seeker

A growing contingent of employers are reporting difficulty locating workers. Many have raised wages to keep their existing employees and to attract new workers. Job Service offices throughout the state are experiencing growth in the number of job placements and they report increasing difficulty filling all of their job openings. The number of column inches in the "Help Wanted" sections of newspapers is increasing. What this adds up to is Alaska's job seekers — particularly those in Southcentral Alaska — are finding some reprieve after a string of bad years.

Signs are pointing to a tightening labor market

All of these signs, accompanied by a falling unemployment rate point to a tightening labor market. Under these circumstances, there are normally benefits for those seeking employment opportunities and those who are already in the labor force, among them:

- People who were having difficulty finding viable employment opportunities may no longer have to leave the state to find employment.
- There are more employment options for skilled workers.
- Fewer workers have to seek employment at close to minimum wages because of the competition for workers.
- Many workers who previously found only part-time employment are now finding full-time opportunities.
- The time spent job hunting has been shortened.
- Promotions come more quickly because of turnover in the labor market.

Table 1

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 5/89	r/ 4/89	5/88	Changes from: 4/89	Changes from: 5/88
Nonag. Wage & Salary	220,900	213,300	212,800	7,600	8,100
Mining	10,300	10,300	9,500	0	800
Construction	8,400	7,200	8,900	1,200	-500
Manufacturing	14,000	12,900	14,300	1,100	-300
Seafood Processing	6,900	6,200	7,200	700	-300
Lumber & Paper Products	3,700	3,400	3,700	300	0
All Other Manufacturing	3,400	3,300	3,400	100	0
Trans., Comm. & Utilities	22,100	18,500	17,200	3,600	4,900
Trucking & Warehousing	2,400	2,200	2,100	200	300
Water Transportation	5,400	2,700	1,100	2,700	4,300
Air Transportation	5,700	5,400	5,400	300	300
Communications	3,200	3,200	3,300	0	-100
All Other Transportation	5,400	5,000	5,300	400	100
Trade	43,200	41,600	42,400	1,600	800
Wholesale	7,700	7,400	7,500	300	200
Retail	35,500	34,200	34,900	1,300	600
Gen. Merch. & Apparel	5,100	4,900	4,700	200	400
Food Stores	6,400	6,100	6,100	300	300
Eating & Drinking Places	13,200	12,800	13,200	400	0
All Other Retail	10,800	10,400	10,900	400	-100
Finance, Insurance & Real Estate	10,600	10,600	10,600	0	0
Services	43,800	42,900	43,200	900	600
Hotels & Other Lodging	4,700	4,200	4,600	500	100
Government	68,500	69,300	66,700	-800	1,800
Federal	17,900	17,400	17,800	500	100
State	19,700	21,000	18,700	-1,300	1,000
Local	30,900	30,900	30,200	0	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis.

- Employers are now more willing to hire those who find it most difficult to find employment.

The above scenarios are all employment conditions largely absent from the Alaska employment scene during most of the past three years.

Better Job Market Translates into Worker Shortage

Because of the improving economic picture a growing number of Alaska's employers are having difficulty finding qualified applicants. Employers suffering most from this situation are those offering low-wage and low-skilled opportunities.

However, shortages are no longer limited to just the low wage jobs. Some technical and profession openings are also attracting fewer applicants. A partial list of these increasingly difficult-to-fill openings includes nurses, certified auto mechanics, aircraft mechanics, civil engineers, legal secretaries and many of the clerical professions.

Reasons for Shortages go Beyond the Oil Spill

The massive mobilization of oil spill workers has contributed to these shortages, but is not the only reason for them. Shortages were already appearing before the Good Friday oil spill. The situation in Alaska mirrors what is happening in the nation's labor market.

The national economy is entering its seventh straight year of expansion and the labor market has been growing increasingly tight. Compounding this problem is the nation's demographic picture. A shrinking number of younger workers has been entering the labor market in the 1980s. The U.S. Department of Labor estimates there will be 700,000 fewer 16-24 year-olds looking for work this summer than last year.

It is this younger group of job seekers that make up the largest contingent of workers who migrate to Alaska. Now there are simply fewer of them. There are fewer because of their smaller numbers, but also because Alaska is no longer the employment mecca it once was. The legacy of the recent recession discourages some job seekers. The other, possibly more important, point is that there are abundant employment opportunities elsewhere in the country where these young workers can seek their fortune.

Oil Spill Update

With the national picture and Alaska's shortages as a background, we will now focus on May's employment scene. The biggest boost in May's employment numbers appeared in water transportation, where all of the direct oil spill cleanup workers—both Norcon and VECO employees — are being counted. (see Table 1) Employment in water transportation grew from 1,119 in May of 1988 to 5,400 in May of 1989—a 383% increase. Not included in our employment numbers are many of the crew members in the 628 vessels Exxon has contracted with to aid the spill cleanup.

More than 80% of the direct employment is in the Gulf Coast region, which includes the Kodiak Island Borough, the Kenai Peninsula Borough and the Valdez-Cordova census area. (see Table 2) Gulf Coast's employment presently stands 22.5% above year-ago levels (see Figure 1). This compares to a 3-4% growth rate before the spill. The spill is affecting almost all of the region's industries. A shortage of non oil-spill related workers became so critical for many local businesses in Valdez, Cordova and Seward that Exxon began providing transportation from Anchorage and Fairbanks for people willing to fill these jobs. Exxon is also providing housing for many of these workers.

No precise numbers exist for the spill-related jobs created in Anchorage during the past three months, but it is undoubtedly considerable. In some respects the economic impacts of the oil spill are analogous to a large construction project that takes place elsewhere in the state. Not only do many of the workers originate in Anchorage, but many of the contractors and suppliers are also Anchorage-based. VECO and Exxon headquarters are also in Anchorage.

The Port of Anchorage has been busy providing logistical support for the spill cleanup activity, shipping 800 tons weekly in groceries alone for VECO. This helped boost Anchorage's water transportation employment by 37% over year-ago levels.

Although the spill contractors have used vendors from around the state, most of the economic impact in the remainder of the state will be limited to wages local residents bring back to spend in their local economies. The specific geographic impacts are presently difficult to access, but in some areas it could prove to be quite substantial.

Mining Industry Boosted by Oil & Gas, Red Dog & Green's Creek

May's employment growth was not all related to the oil spill cleanup. The mining industry continued to push ahead on both the petroleum and hard rock fronts. Oil industry employment in May registered 7% above year-ago levels.

Other mining employment is up 24%. Hard rock activity is dominated by two new mines — Greens Creek, 15 miles southwest of Juneau, and Red Dog, 70 miles northwest of Kotzebue. Greens Creek is now in its fourth month of operation, employing approximately 220 workers. Red Dog is still in its construction phase, so jobs there are presently being reported in construction.

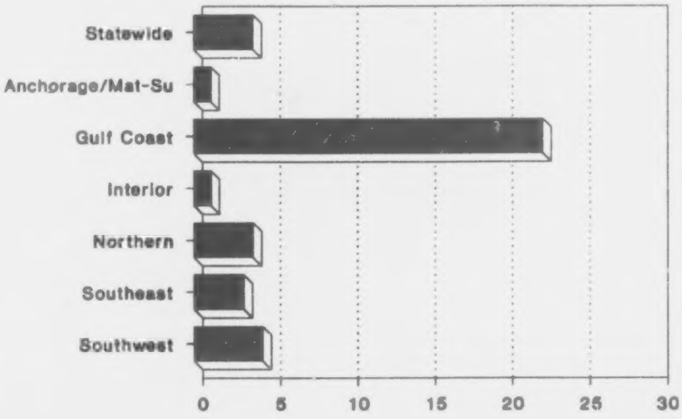
Hard rock exploration activity is also contributing to the industry's upbeat employment picture. The value of 1988s exploration activity reached $46 million, a three-fold increase over 1987. By most accounts 1989 should be at least as good as 1988.

The most promising prospects appear to belong to Echo Bay Mines Ltd. They are planning on redeveloping the old A-J gold mine near downtown Juneau and the Kensington Mine near Berners Bay (which is not far from Juneau). The A-J mine would employ almost 500 workers and the Kensington Mine's work force could be as large as 250-300 by 1990 or 1991 when these projects are developed. Other promising mining prospects in Southeast are also being considered. Greens Creek may have opened the door for a mining boom in Southeast Alaska.

Not all the news in the hard rock mining business is upbeat. The Valdez Creek Mine, the state's largest placer mining operation, recently announced it was going to shut down its operations in September and would not reopen until gold prices climb above $400 per ounce. Gold prices have fallen to approximately $370. They will be laying

Figure 1

Employment Growth by Region
Percent Change for May, 1988 vs. 1989



Source: Alaska Department of Labor, Research & Analysis

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

				Changes from:	
	p/ 5/89	r/ 4/89	5/88	4/89	5/88
Nonag. Wage & Salary	101,600	100,450	100,400	1,150	1,200
Mining	3,750	3,750	3,300	0	450
Construction	3,700	3,300	4,300	400	-600
Manufacturing	2,700	2,550	2,700	150	0
Trans., Comm. & Utilities	9,700	9,200	9,200	500	500
Trucking & Warehousing	1,600	1,450	1,250	150	350
Water Transportation	500	400	350	100	150
Air Transportation	3,400	3,300	3,350	100	50
Communications	1,800	1,800	1,800	0	0
All Other Transportation	2,400	2,250	2,450	150	-50
Trade	24,850	24,550	24,000	300	850
Wholesale	5,750	5,700	5,600	50	150
Retail	19,100	18,850	18,400	250	700
Gen. Merch. & Apparel	2,450	2,450	2,350	0	100
Food Stores	3,050	3,000	2,750	50	300
Eating & Drinking Places	7,800	7,650	7,600	150	200
All Other Retail	5,800	5,750	5,700	50	100
Finance, Insurance & Real Estate	6,900	6,950	7,150	-50	-250
Services	24,500	24,200	24,350	300	150
Government	25,500	25,950	25,400	-450	100
Federal	10,000	9,800	10,200	200	-200
State	6,850	7,550	6,500	-700	350
Local	8,650	8,600	8,700	50	-50

Fairbanks North Star Borough

				Changes from:	
	p/ 5/89	r/ 4/89	5/88	4/89	5/88
Nonag. Wage & Salary	25,850	25,150	25,550	700	300
Mining	150	150	150	0	0
Construction	1,500	1,250	1,500	250	0
Manufacturing	600	600	600	0	0
Trans., Comm. & Utilities	1,900	1,750	1,800	150	100
Trucking & Warehousing	400	400	350	0	50
Air Transportation	300	250	300	50	0
All Other Transportation	1,200	1,100	1,150	100	50
Trade	5,850	5,450	5,950	400	-100
Wholesale	700	700	750	0	-50
Retail	5,150	4,750	5,200	400	-50
Food Stores	750	750	750	0	0
All Other Retail	4,400	4,000	4,450	400	-50
Finance, Insurance & Real Estate	750	750	800	0	-50
Services	5,700	5,550	5,650	150	50
Government	9,400	9,650	9,100	-250	300
Federal	2,850	2,750	2,800	100	50
State	3,900	4,250	3,650	-350	250
Local	2,650	2,650	2,650	0	0

Anchorage-MatSu Region

				Changes from:	
	p/ 5/89	r/ 4/89	5/88	4/89	5/88
Nonag. Wage & Salary	107,950	106,600	106,850	1,350	1,100
Mining	3,750	3,800	3,300	-50	450
Construction	3,950	3,550	4,500	400	-550
Manufacturing	2,800	2,600	2,800	200	0
Trans., Comm. & Utilities	10,350	9,800	9,800	550	550
Trade	26,200	25,700	25,550	500	650
Finance, Insurance & Real Estate	7,250	7,350	7,550	-100	-300
Services	25,450	25,100	25,550	350	-100
Government	28,200	28,700	27,800	-500	400

Interior Region

				Changes from:	
	p/ 5/89	r/ 4/89	5/88	4/89	5/88
Nonag. Wage & Salary	29,850	28,850	29,500	1,000	350
Mining	350	300	300	50	50
Construction	1,600	1,300	1,650	300	-50
Manufacturing	600	600	600	0	0
Trans., Comm. & Utilities	2,250	2,100	2,150	150	100
Trade	6,250	5,750	6,300	500	-50
Finance, Insurance & Real Estate	800	800	850	0	-50
Services	6,250	6,100	6,200	150	50
Government	11,750	11,900	11,450	-150	300

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis

(cont. on page 13)

Table 2
(cont. from page 12)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 5/89	r/ 4/89	5/88	Changes from: 4/89	 5/88
Nonag. Wage & Salary	32,000	31,050	30,950	950	1,050
Mining	250	250	200	0	50
Construction	1,150	1,000	1,100	150	50
Manufacturing	4,950	4,800	5,100	150	-150
Seafood Processing	1,200	1,400	1,200	-200	0
Lumber & Paper Prod.	3,500	3,100	3,600	400	-100
All Other Manufacturing	250	300	300	-50	-50
Trans., Comm. & Utilities	2,350	2,150	2,250	200	100
Trade	5,200	4,800	4,850	400	350
Wholesale	500	450	400	50	100
Retail	4,700	4,350	4,450	350	250
Finance, Insurance & Real Estate	1,000	1,000	1,000	0	0
Services	5,150	4,950	4,900	200	250
Government	11,950	12,100	11,550	-150	400
Federal	2,000	1,950	2,000	50	0
State	5,350	5,500	5,100	-150	250
Local	4,600	4,650	4,450	-50	150

Southwest Region

	p/ 5/89	r/ 4/89	5/88	Changes from: 4/89	 5/88
Nonag. Wage & Salary	13,750	12,950	13,100	800	650
Seafood Processing	2,800	2,300	2,650	500	150
All Other Private	4,500	4,350	4,450	150	50
Government	6,450	6,300	6,000	150	450
Federal	1,300	1,300	1,250	0	50
State	600	550	450	50	150
Local	4,550	4,450	4,300	100	250

Gulf Coast Region

	p/ 5/89	r/ 4/89	5/88	Changes from: 4/89	 5/88
Nonag. Wage & Salary	23,850	20,300	19,450	3,550	4,400
Mining	850	800	850	50	0
Construction	800	700	800	100	0
Manufacturing	2,750	2,500	3,100	250	-350
Seafood Processing	2,050	1,800	2,450	250	-400
All Other Manufacturing	700	700	650	0	50
Trans., Comm. & Utilities	5,650	3,050	1,350	2,600	4,300
Trade	3,850	3,550	3,750	300	100
Wholesale	550	500	550	50	0
Retail	3,300	3,050	3,200	250	100
Finance, Insurance & Real Estate	550	550	550	0	0
Services	3,700	3,400	3,450	300	250
Government	5,700	5,750	5,600	-50	100
Federal	500	500	550	0	-50
State	1,750	1,800	1,550	-50	200
Local	3,450	3,450	3,500	0	-50

Northern Region

	p/ 5/89	r/ 4/89	5/88	Changes from: 4/89	 5/88
Nonag. Wage & Salary	13,400	13,400	13,000	0	400
Mining	4,850	4,950	4,900	-100	-50
All Other Private	4,100	3,950	3,750	150	350
Government	4,450	4,500	4,350	-50	100
Federal	350	350	350	0	0
State	350	350	350	0	0
Local	3,750	3,800	3,650	-50	100

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1988

p/ denotes preliminary estimates

r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis

Table 4

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 5/89	r/ 4/89	5/88	p/ 5/89	r/ 4/89	5/88	p/ 5/89	r/ 4/89	5/88
Mining	$1,085.04	$1,077.75	$1,182.06	48.7	47.9	49.5	$22.28	$22.50	$23.88
Construction	109.89	1,082.51	988.29	46.4	46.4	41.7	23.92	23.33	23.70
Manufacturing	588.99	607.42	497.76	45.8	48.4	36.6	12.86	12.55	13.60
Seafood Processing	434.15	454.64	295.20	48.4	51.9	32.8	8.97	8.76	9.00
Lumber & Paper Prod	773.16	797.23	672.26	45.4	48.2	40.4	17.03	16.54	16.64
Trans., Comm. & Utilities	584.05	589.88	563.29	35.7	36.3	34.9	16.36	16.25	16.14
Trade	381.42	384.13	356.43	34.3	34.7	32.7	11.12	11.07	10.90
Wholesale	519.30	524.19	487.88	38.1	38.8	37.3	13.63	13.51	13.08
Retail	335.28	338.01	311.62	33.0	33.4	31.1	10.16	10.12	10.02
Finance-Ins. & R.E	407.89	412.55	400.62	35.5	37.1	34.3	11.49	11.12	11.68

Notes: p/ denotes preliminary estimates   r/ denotes revised estimates   Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

off almost 174 workers. Red Dog's opening in late summer will more than make up for these losses, but it could mean a considerable slow down in hard rock mining employment growth.

Trade and Services are Growing Guardedly

Neither trade nor services exhibited the spirited growth of the mining industry, but their May employment was above the previous May's. Grocery stores, general merchandisers and health services are leading the way in these two industries.

Growth in the personal income figures continued to breathe new life into both of these industries. Personal income grew by 2.9% during the first quarter of 1989. Some of the stimulus is also spill induced. One economist estimated that the oil spill activity will add 1-2% to Alaska's personal income. A VECO source reported that they have already spent $120 million with 965 different Alaskan vendors.

Fish Processing Down Compared to May 1988

Fish processing, one of the employment growth leaders during the past three years, registered its first over-the-year declines in May. For most regions, fish processing employment either grew slightly or held its own in May, but the Gulf Coast region sustained losses large enough to tip the state's total processing picture below last May's levels.

Processors in the Gulf Coast were not as busy in May as usual because the oil spill prompted the closure of a number of herring fisheries. In addition, the Gulf of Alaska's first halibut opening netted a harvest about half of last year's. Bad weather and fewer boats both contributed to the smaller catch. The truly good news was that there were no signs of oiled halibut. And future halibut openings may bring total catch closer to 1988 levels.

Other good news included an announcement by Westward Seafoods Inc. that they will build a $70 million bottomfish and crab-processing plant in Unalaska. The plant should be complete by late 1990 and employ 250 workers. This plant will be the third major bottomfish processor in Unalaska and will help sustain that community's growth in the bottomfishing arena.

May's fish processing declines could simply could be a monthly aberration. The salmon season will be the telltale of Alaska fisheries for 1989. There are concerns that a number of salmon fisheries will be shut down or curtailed because of the presence of oil. There are also indications that salmon prices will be considerably lower this year. Fishermen and processors are keeping their fingers crossed.

Construction Employment Shrinks Further

Construction projects in Alaska have taken on an almost tourist attraction-like quality because they have become so scarce. And employment in this industry continues to shrink. To find equivalent levels of construction activity one has to reach back to 1973, when Alaska's labor force was less than half its present size.

Construction employment did show a seasonal increase in May of 1,200 more jobs than in April. A large share of this spring activity came as the result of a few large projects moving into high gear. Alyeska Pipeline Company's $78 millon worth of maintenance work on the trans-Alaska pipeline is one of those projects. It represents the company's largest construction venture in ten years. Almost 300 workers were on the project in May and their numbers are expected to climb to a peak of 500 this summer.

Work constructing the Red Dog lead and zinc mine went into full swing in May. Employment climbed to 400 and will peak at over 600 in late summer. Military-related construction remains the bread and butter of today's construction industry at close to last year's levels.

State Budget Helps Firm Up 1989s Prospects

Many analysts had expected the state's FY 1990 operating budget to decline. But better than expected oil prices helped support a budget little changed from FY 1989. This means that state government will probably continue to sustain employment levels approximately 6% above 1988. It also means the employment picture for local governments is in many cases brighter than expected, since such a large share of their revenue comes out of the state budget.

Oil Spill Boom Grows in the Gulf Coast

As the oil spill spread so have the economic consequences. Valdez and Cordova were the first towns to experience the impact, but it soon spread to Kodiak and communities on the Kenai Peninsula such as Seward and Homer. The entire Gulf Coast region has been enveloped in spill cleanup activity; employment numbers graphically illustrate these changes.

Services employment grew because hotels filled with oil spill workers earlier than the normal onslaught of the tourist season in June. Local governments hired additional employees to handle the burden of additional services. Jobs in trade pushed ahead as oil spill firms rushed to purchase supplies. For example VECO spent $1.5 million at just one Valdez vendor - Southcentral Hardware - by the end of May.

Economic Performance in Southeast Strong Without Spill Impacts

If we can imagine Alaska's economy without the oil spill, Southeast's employment picture would have been the brightest in the state. Mining activity and exploration is stimulating the region's economy. Fishing has been holding its own. The timber industry is on the rebound after a slow winter. Wrangell Forest Products mill also reopened in May, putting people back to work. The possibility of major state budget cuts in Southeast disappeared when the legislature passed the state budget. And the preliminary reports on tourism have been good. This all comes as no real surprise since Southeast's economy was already shaping up nicely in 1988.

Summary

Alaska's improving unemployment rate is an indication of a better job market and not just an exodus of the unemployed. Much, but not all, of the extra punch in the employment scene has come as a result of the spill cleanup effort. While job seekers are having better luck than in the recent past, employers now often have to scramble to find qualified applicants.

The Gulf Coast region is feeling the brunt of the economic effects of the spill, but Anchorage and to a lesser extent other areas of the state are also being impacted by spill cleanup activity.

Hard rock mining, the oil industry and state government are injecting new life into the economy independent of oil spill activity.

Before the oil spill the fishing industry was expected to contribute to Alaska's economic growth in 1989. Now the jury is still out on this season's fish harvest.

Southeast Alaska's economy, fairly insulated from the oil spill's effects, is performing quite vigorously.

For a variety of reasons, Alaska is seeing a spring with relatively strong economic growth.

Table 5

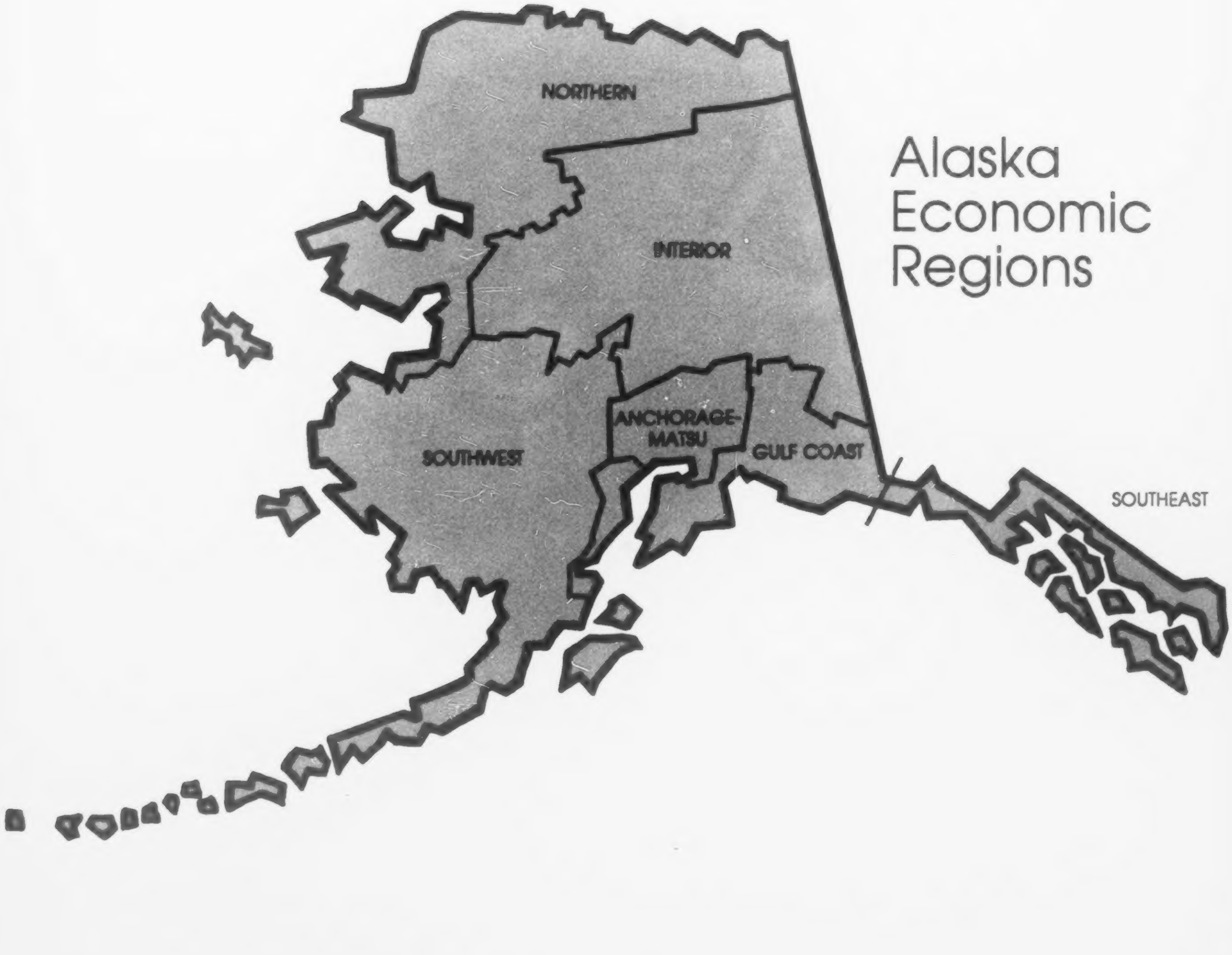
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 5/89	r/ 4/89	5/88	p/ 5/89	r/ 4/89	5/88	p/ 5/89	r/ 4/89	5/88	p/ 5/89	r/ 4/89	5/88
Alaska Statewide	240,200	235,988	241,869	18,572	20,140	24,102	7.7	8.5	10.0	221,628	215,848	217,767
Anch.-MatSu Region	121,151	121,421	125,397	8,186	8,907	11,294	6.8	7.3	9.0	112,965	112,514	114,103
Anchorage Borough	107,728	108,043	110,896	6,346	6,858	8,913	5.9	6.3	8.0	101,382	101,185	101,983
MatSu Borough	13,423	13,378	14,501	1,840	2,049	2,381	13.7	15.3	16.4	11,583	11,329	12,120
Gulf Coast Region	29,451	26,107	25,977	2,385	2,699	3,346	8.1	10.3	12.9	27,066	23,408	22,631
Kenai Peninsula Borough	18,545	16,473	16,235	1,907	2,083	2,323	10.3	12.6	14.3	16,638	14,390	13,912
Kodiak Island Borough	6,462	5,712	5,741	222	315	523	3.4	5.5	9.1	6,240	5,397	5,218
Valdez-Cordova	4,444	3,922	4,001	256	301	500	5.8	7.7	12.5	4,188	3,621	3,501
Interior Region	34,642	34,377	35,999	3,755	4,168	4,857	10.8	12.1	13.5	30,887	30,209	31,142
Fairbanks North Star Bor.	29,708	29,454	30,869	2,959	3,292	3,900	10.0	11.2	12.6	26,749	26,162	26,969
Southeast Fairbanks	1,991	2,021	2,100	251	319	345	12.6	15.8	16.4	1,740	1,702	1,755
Yukon-Koyukuk	2,943	2,902	3,030	545	557	612	18.5	19.2	20.2	2,398	2,345	2,418
Northern Region	8,031	8,039	7,944	819	753	842	10.2	9.4	10.6	7,212	7,286	7,102
Nome	3,084	3,073	3,033	395	356	385	12.8	11.6	12.7	2,689	2,717	2,648
North Slope Borough	2,839	2,854	2,807	148	136	157	5.2	4.8	5.6	2,691	2,718	2,650
Northwest Arctic Borough	2,108	2,112	2,104	276	261	300	13.1	12.4	14.3	1,832	1,851	1,804
Southeast Region	34,660	34,170	34,223	2,645	2,800	2,575	7.6	8.2	7.5	32,015	31,370	31,648
Haines Borough	873	880	868	89	111	93	10.2	12.6	10.7	784	769	775
Juneau Borough	15,459	15,137	15,293	829	804	831	5.4	5.3	5.4	14,630	14,333	14,462
Ketchikan Gateway Bor.	6,375	6,302	6,250	513	558	455	8.0	8.9	7.3	5,862	5,744	5,795
Pr. of Wales-Outer Ketch.	2,714	2,692	2,710	345	370	368	12.7	13.7	13.6	2,369	2,322	2,342
Sitka Borough	4,094	3,909	4,038	267	159	255	6.5	4.1	6.3	3,827	3,750	3,783
Skagway-Yakutat-Angoon	1,666	1,648	1,656	246	257	253	14.8	15.6	15.3	1,420	1,391	1,403
Wrangell-Petersburg	3,479	3,602	3,408	356	541	320	10.2	15.0	9.4	3,123	3,061	3,088
Southwest Region	12,265	11,874	12,329	782	813	1,188	6.4	6.8	9.6	11,483	11,061	11,141
Aleutian Islands	3,341	3,215	3,341	49	44	147	1.5	1.4	4.4	3,292	3,171	3,194
Bethel	4,710	4,542	4,713	389	380	520	8.3	8.4	11.0	4,321	4,162	4,193
Bristol Bay Borough	457	441	454	31	31	41	6.8	7.0	9.0	426	410	413
Dillingham	2,169	2,133	2,153	116	156	161	5.3	7.3	7.5	2,053	1,977	1,992
Wade Hampton	1,588	1,543	1,668	197	202	319	12.4	13.1	19.1	1,391	1,341	1,349

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Alaska Economic Regions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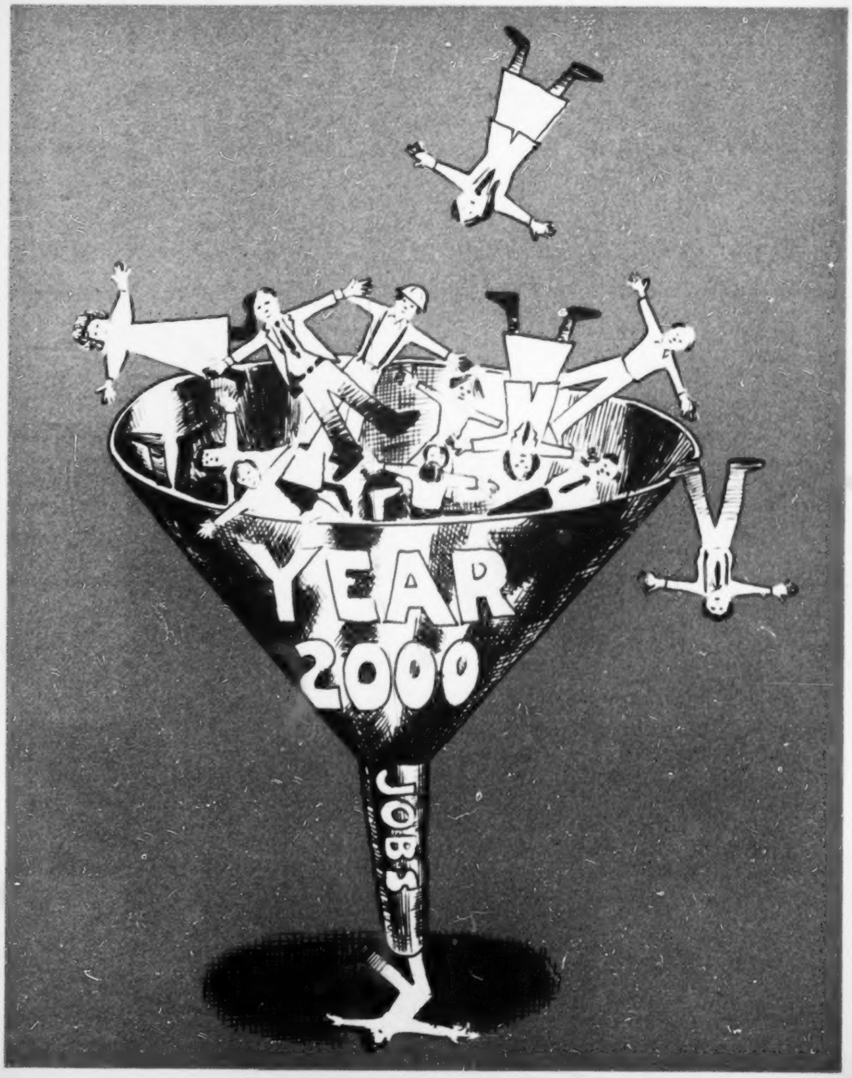

A Look Ahead to the Alaska Labor Force of the Year 2000

Employment Prospects in June Were the Best Ever for Job Searchers

September 1989

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC

TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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MADE IN ALASKA

Cover Design by Jim Fowler

A Look Ahead to the Alaska Labor Force of the Year 2000

By F. Terry Elder

What's in store for Alaska employers, Alaska workers, Alaska women in the year 2000? Will government spending continue to influence the state's economy as greatly as it has in recent years? Will there be growth of jobs to match the growth in the labor force? /1

Based on a few certain assumptions (listed later in this article), it's likely in the year 2000 that:

- State government spending will not be the economic stimulant it has been in the past.
- Concerns about the federal deficit will limit the ability of the federal government to increase its spending in Alaska.
- Favorable foreign exchange rates will have a positive impact on Alaska's extractive industries.
- Retirement benefits and health care will be increasingly important issues for employers and workers alike.
- Older workers will play a greater role in part-time employment.
- Women will account for almost 50% of the labor force (up from 45.6% in 1987).
- This increasing importance of women in the labor force should continue to focus concern on issues generally identifed as important to women. These issues include equal opportunity and pay, sexual harassment, day care, flexible work hours, and health benefits.
- Women will have a more difficult time increasing their share of employment without making inroads in male-dominated occupational categories.
- The relative growth of the most productive part of the population between 1987 and 2000 implies that there will be a larger percentage of people to shoulder the costs associated with the very young and the older components of the population, such as costs of education and health care.
- Employment growth will be less than that required to accommodate the rise in the labor force resulting from the aging of those children who are in the 1987 population.

These highlighted predictions rely on population, labor force, and employment projections for Alaska for the year 2000, projections that bear further discussion.

State government will not be the economic stimulant it has been in the past.

/1 This article summarizes *Alaska 2000,* a 93-page publication recently published by the Alaska Department of Labor's (DOL) Research & Analysis Section. The publication projects Alaska's population, labor force, and employment for the year 2000. These projections are compared to historical trends and to U.S. Bureau of Labor Statistics projections of the national labor force. For a more detailed discussion contact DOL's Research & Analysis Section for a copy of *Alaska 2000.*

Labor Force Growth Predicted to be Slower in Coming Years

For the purpose of this analysis there exist two possible scenarios for the Alaska labor force of 2000. 'Case A' and 'Case B' scenarios are based on separate sets of employment estimates for 2000. While Case B employment growth is greater than that of Case A, both scenarios hold that there will be a slower rate of growth between 1987 and 2000 than seen in Alaska in recent decades.

Both Case A and Case B labor force projections — the specifics of which will be discussed more in detail later — were made before the Prince William Sound oil spill. The impact of the spill has probably made the Case B estimate less likely. Case B assumes the construction of a gas pipeline, and greater oil and gas employment, including development of the Arctic National Wildlife Refuge (ANWR). Case B is less likely to the extent that the oil spill has adversely affected these developments.

Following are the primary assumptions of the Case A labor force projection:

- The price of oil will remain in a range of about $15-$18 per barrel in real (inflation adjusted) terms.
- State and local government employment (and services) will be kept stable through the imposition of new taxes or the use of reserve monies.
- The foreign exchange rate of the U.S. dollar will remain favorable for U.S. exports.
- Growing at above average rates will be jobs in tourism, timber harvesting and processing, self-employment, and especially mining.

For the Case A scenario, these four assumptions result in a forecasted annual civilian employment growth of about 1.5% from 1987 to 2000. This is slightly greater than the projected national growth rate of 1.3%.

Population Growth Will Trail Employment Growth

The enduring rise in women's participation in the Alaska labor force, coupled with the aging of the Alaska population, point to a continuing increase in the ratio of employment to population. This means that any given level of employment in the year 2000 will be associated with a lower level of population. As a result, population growth will be less than employment growth.

Following are more specifics about what the population and labor force could be like in the year 2000.

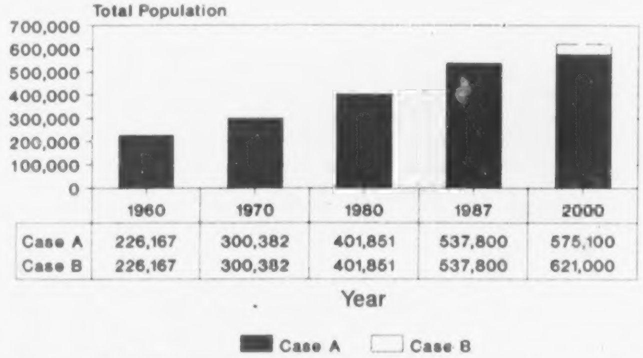
Alaska Population Will Grow More Slowly than Rest of U.S.

For the Case A scenario, the estimated population in 2000 is 575,100. (See Figure 1.) This amounts to an annual growth rate of 0.52% between 1987 and 2000. This estimated population is based on a total civilian employment estimate of 294,829.

For Case B, the 1987-2000 annual growth rate is projected to be higher, 1.11%. This is based on an employment estimate of 316,341 and an estimated population of 621,000.

Figure 1

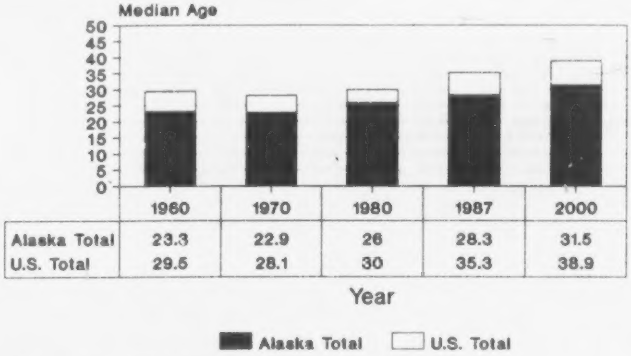
Alaska Total Population 1960-2000
Cases A & B



Note: Cases A & B are based on different civilian employment projections.
Sources: U.S. Census Bureau; Alaska Department of Labor, Research & Analysis Section.

Figure 2

Median Age of Total Population
Alaska & U.S. 1960-2000



Note: Based on Case A estimates.
Sources: U.S. Census Bureau; Alaska Department of Labor, Research & Analysis Section.

Table 1

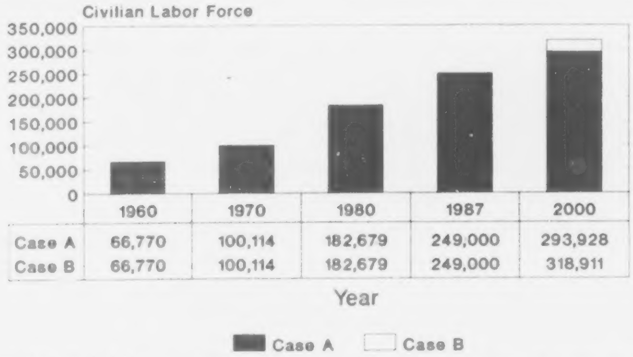
Case A
Alaska Total Population by Age, 1980-2000

	Population/Year					Annual Growth Rate/Time Period			
Age Group	**2000**	**1987**	**1986**	**1985**	**1980**	**1987-2000**	**1986-2000**	**1985-2000**	**1980-2000**
0-4	45,933	56,288	59,592	59,980	38,949	-1.55%	-1.84%	-1.76%	0.83%
5-13	78,226	78,719	79,076	77,809	62,363	-0.05	-0.08	0.04	1.14
14-17	33,391	31,287	32,016	31,698	29,433	0.50	0.30	0.35	0.63
18-24	59,073	62,607	67,004	69,206	59,773	-0.45	-0.90	-1.05	-0.06
25-34	97,094	123,434	128,401	127,974	90,808	-1.83	-1.98	-1.82	0.34
35-44	109,681	91,505	89,913	86,068	54,022	1.40	1.43	1.63	3.60
45-54	80,350	46,202	45,082	43,569	34,243	4.35	4.21	4.16	4.36
55-64	38,605	28,565	28,454	28,043	20,713	2.34	2.20	2.15	3.16
65-74	20,623	13,334	12,580	11,862	8,312	3.41	3.59	3.76	4.65
75-84	10,229	4,754	4,439	4,136	2,616	6.07	6.14	6.22	7.06
85+	1,894	1,105	1,043	955	619	4.23	4.35	4.67	5.75
TOTAL	575,100	537,800	547,600	541,300	401,851	0.52%	0.35%	0.40%	1.81%

Sources: U.S. Bureau of the Census;
Alaska Department of Labor, Research & Analysis Section.

Figure 3

Alaska Civilian Labor Force 1960-2000 Cases A & B



	1960	1970	1980	1987	2000
Case A	66,770	100,114	182,679	249,000	293,928
Case B	66,770	100,114	182,679	249,000	318,911

Note: Cases A & B are based on different civilian employment projections.
Sources: U.S. Census Bureau; Alaska Department of Labor, Research & Analysis Section.

By way of comparison, the U.S.' 1986-2000 annual population growth rate is projected to be 0.75%. (This is the 'moderate case projection' forecast by the U.S. Bureau of Labor Statistics.)

Thus, under the more likely Case A scenario, the Alaska population will grow somewhat more slowly than that of the U.S. as a whole. This is due to relatively slow employment growth during the forecast period, 1987 to 2000. However, this comparison is distorted by the fact that Alaska, unlike the U.S., was still in a deep recession at the start of this period.

It's safe to say that population growth in Alaska will trail employment growth, as the employment-to-population ratio continues to trend upwards. Case A's annual population growth rate of 0.52% for 1987 to 2000 is significantly lower than the annual growth rate of total employment, 1.5%. In the Case B scenario, the population growth rate of 1.11% comes in lower than the employment growth rate of 2.1 percent.

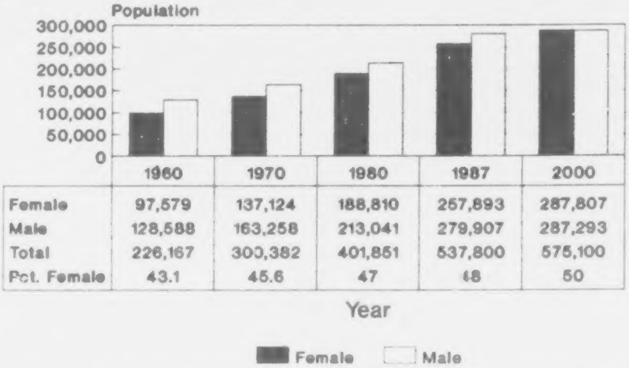
Like Other Americans, Alaskans are Growing Older

Partly explaining this disparity between population and employment growth is the faster relative growth of older Alaskans. (See Table 1.) Those in the prime working age population — those aged 25-to-54 — will have an annual growth rate of 0.7% in Case A, and 1.3% in Case B.

Like the American age profile, Alaskans will grow older between 1987 and 2000. The median age in Alaska will rise from 28.3 years to 31.5 years. (See Figure 2.) The U.S. median age in the year 2000, though, will remain well above that at 38.9 years.

Figure 4

Alaska Total Population by Sex 1960-2000
Case A

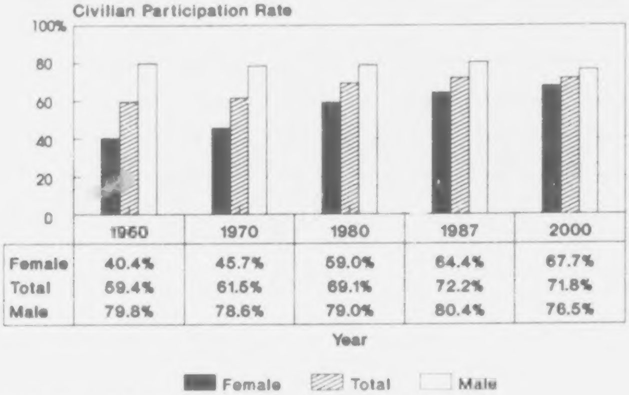


	1960	1970	1980	1987	2000
Female	97,579	137,124	188,810	257,893	287,807
Male	128,588	163,258	213,041	279,907	287,293
Total	226,167	300,382	401,851	537,800	575,100
Pct. Female	43.1	45.6	47	48	50

Note: Cases A & B are based on different civilian employment projections.
Sources: U.S. Census Bureau; Alaska Department of Labor, Research & Analysis Section.

Figure 5

Civilian Labor Force Participation Rate by Sex
Alaska 1960-2000



	1960	1970	1980	1987	2000
Female	40.4%	45.7%	59.0%	64.4%	67.7%
Total	59.4%	61.5%	69.1%	72.2%	71.8%
Male	79.8%	78.6%	79.0%	80.4%	76.5%

Sources: U.S. Census Bureau; Bureau of Labor Statistics; Alaska Department of Labor, Research & Analysis Section.

The Alaska Labor Force Will Become Increasingly Female

Changes in the labor force are determined by changes in population and in labor force participation rates (the percentage of those over 15 years old who are in the labor force). Between 1987 and 2000, the Alaska labor force will become increasingly female. This development is a result of shifts in the composition of the population and changes in participation rates.

Based on the Case A employment estimate, the total civilian labor force will grow about 1.3% from 1987-2000 to a total of 293,928. (See Figure 3.) During that time, the male labor force growth rate will be 0.7%, and the female labor force growth rate will be almost 2%.

The Case B employment estimate calls for the civilian labor force to see an average annual growth rate of about 1.9%, growing to a total of 318,911 in 2000.

The percentage of women in Alaska will continue its rising trend. By 2000, the population will be divided about equally between men and women. (See Figure 4.)

Between 1987 and 2000, more Alaska females are expected to participate in the work force. Their labor force participation rate is projected to climb from 64.4 percent to 67.7 percent. (See Figure 5.) Meanwhile, the male rate is expected to fall from 80.4 percent to 76.5 percent. As a result, women will account for almost 50 percent of the labor force in 2000, up from 45.6 percent in 1987. (See Figure 6.)

The greying of Alaskans will also impact the state's labor force. While the numerically largest age group in the civilian labor force will be those aged 35-44 (93,627), the fastest growing group is that over the age of 44. From 1987 to 2000, the average annual growth rate of workers 45 and older will be about 3.6 percent. (See Figure 7.)

Predicted Annual Employment Growth Between 1987 & 2000: 1.5%

Under Case A, the state's annual growth rate of its civilian employment between 1987 and 2000 is expected to be 1.5%, bringing the total civilian work force in 2000 to 269,829. (See Figure 8.) Case B, which projects year 2000 employment at 291,341, calls for an annual growth rate of 2.1 percent.

The Case A employment scenario calls for wage and salary employment of 247,300 (see Table 2) and self-employment at 22,529. The Case B employment estimate is composed of wage and salary employment of 267,016 and self-employment at 24,325.

Table 2

Case A
Wage & Salary Employment by Industry Alaska 1985-2000

Industry/Year	1985	1986	1987	1992	2000	Annual Growth Rate [1]
Goods-Producing	40,815	35,913	33,08	37,615	44,424	2.29%
Agriculture/Forestry/Fishing	830	801	810	810	810	0.00
Mining	9,534	9,103	8,540	10,275	14,200	3.99
Construction	18,383	13,400	10,600	11,200	12,800	1.46
Manufacturing	12,068	12,609	13,130	15,330	16,614	1.83
Service-Producing	189,275	184,858	176,623	182,250	202,873	1.07
Transporation	12,529	11,977	11,880	12,300	14,507	1.55
Communications	4,285	3,960	3,800	3,900	4,100	0.59
Public Utilites	2,014	2,000	1,950	2,000	2,100	0.57
Wholesale Trade	8,731	7,985	7,200	7,750	9,100	1.82
Retail Trade	37,155	35,650	33,750	35,150	40,873	1.48
Finance, Ins. & Real Estate	11,612	11,760	11,160	11,270	13,418	1.43
Services [2]	66,042	66,071	63,283	64,980	73,775	1.19
Federal Government	17,567	18,100	18,000	19,000	19,000	0.42
State Government [3]	15,654	15,150	14,000	14,400	14,500	0.27
Local Government [4]	13,686	12,205	11,600	11,500	11,500	0.07
TOTAL WAGE & SALARY EMPLOYMENT	230,090	220,771	209,703	219,865	247,297	1.28%
Annual % Change		-4.05%	-5.01%	1.29%	1.48% [5]	

[1] Annual growth rate, 1987-2000.
[2] Includes University of Alaska and local education.
[3] Excludes University of Alaska.
[4] Excludes local education.
[5] Annual growth rate, 1992-2000.

Source: Alaska Department of Labor, Research & Analysis Section.

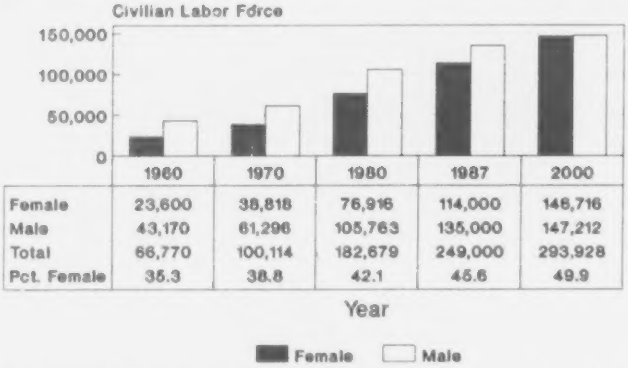
Case A's 1.5% growth rate is roughly in line with the national employment growth rate between 1987 and 2000. But it represents a substantially slower growth for Alaska compared to prior decades. In the 1960s, Alaska's annual employment growth was 4.5%. During the pipeline years of the 1970s, the growth rate rose to 6.2%. Even with the severe recession, the annual employment growth rate was 4.3% between 1980 and 1987.

Government Spending Will Not Be the Engine of Growth It Has Been

A couple of key factors suggest more moderate employment growth in the future: It's unlikely that state government spending will be the

Figure 6

Alaska Civilian Labor Force by Sex 1960-2000 Case A

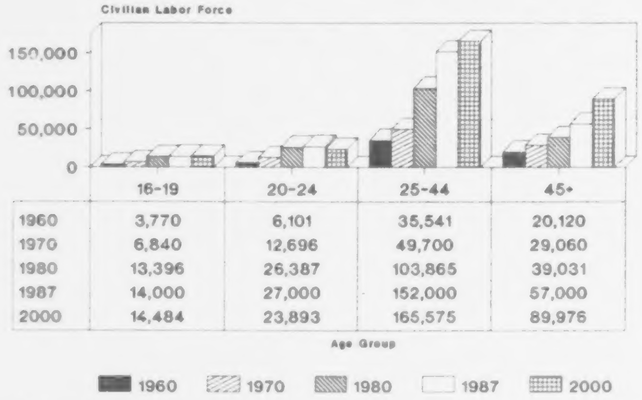


	1960	1970	1980	1987	2000
Female	23,600	38,818	76,916	114,000	146,716
Male	43,170	61,296	105,763	135,000	147,212
Total	66,770	100,114	182,679	249,000	293,928
Pct. Female	35.3	38.8	42.1	45.6	49.9

Note: Cases A & B are based on different civilian employment projections.
Sources: U.S. Census Bureau; Alaska Department of Labor, Research & Analysis Section.

Figure 7

Alaska Total Civilian Labor Force by Age 1960-2000

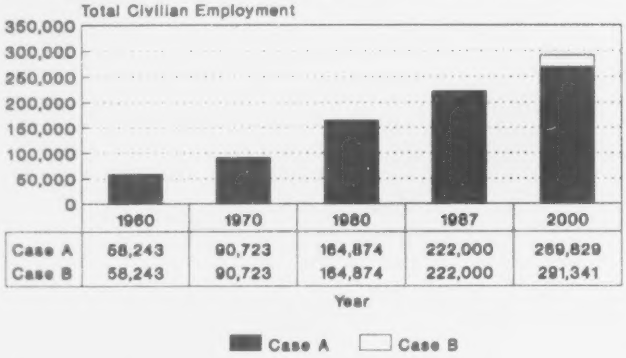


	16-19	20-24	25-44	45+
1960	3,770	6,101	35,541	20,120
1970	6,840	12,696	49,700	29,060
1980	13,396	26,387	103,865	39,031
1987	14,000	27,000	152,000	57,000
2000	14,484	23,893	165,575	89,976

Note: Based on Case A estimates.
Sources: U.S. Census Bureau;
Alaska Department of Labor, Research & Analysis Section.

Figure 8

Alaska Civilian Employment 1960-2000 Cases A & B



	1960	1970	1980	1987	2000
Case A	58,243	90,723	164,874	222,000	269,829
Case B	58,243	90,723	164,874	222,000	291,341

Note: Cases A & B employment projections are the bases for population estimates.
Sources: U.S. Census Bureau;
Alaska Department of Labor, Research & Analysis Section.

stimulant it has been in the past without a substantial rise in the price of oil. Short any oil price rise, it's also less likely that a large project, such as a gas pipeline, will materialize between now and 2000. Secondly, concerns about the federal deficit will limit the ability of the federal government to increase its spending in Alaska.

Employment Growth Less Than Needed; the Result: High Unemployment or Out-migration

Given the severity of the recent Alaska recession, an employment growth rate from 1987 to 2000 amounting to about the same as that of the U.S. is disappointing. Indeed, employment growth in Case A is likely to be less than what will be required to accommodate the rise in the state's labor force. (The number of children aged 3-15 in 1987 amounted to 116,785; of this number, 80,400 will enter the Alaska labor force between 1987 and 2000.)

Further increases in the labor force result from the rising participation rate of women and from the relatively faster growth of older age groups with higher participation rates. These increases are offset some by declines in the participation rate for men.

Case A civilian employment will rise by about 47,800 between 1987 and 2000. The increase under Case B is about 69,300. Neither of these scenarios' employment growth projections will accommodate the rise in the labor force. The result of this disparity can either mean high unemployment, or, more likely, out-migration. Thus, the Case A forecast calls for a net out-migration of 79,700 from 1987 to 2000 (assuming a natural increase [births minus deaths] in population averaging about 9,000 per year). Case B calls for a net out-migration of 33,800.

Goods-producing Industries Will Fare Better than Service-producing Industries

Favorable foreign exchange rates are expected to have a positive impact on Alaska extractive industries. Tourism also should continue to be an attractive industry. Services and trade should grow about in line with the general economy. Together, these factors should produce an annual growth rate — moderate by historical standards — which is close to a long-term, sustainable rate.

Given the expectation that mining, seafood processing, and timber will do relatively well during the next 13 years, wage and salary employment in goods-producing industries (agriculture, forestry, fisheries, mining, construction and manufacturing) will rise faster than that of service-producing industries. (See Table 3.)

Table 3

Case A
Nonfarm Wage & Salary Employment Distribution & Growth U.S. & Alaska 1986-2000

Industry	United States Distribution 1986	United States Distribution 2000	United States Growth 1986-2000[1]	Alaska Distribution 1986	Alaska Distribution 2000	Alaska Growth 1986-2000[1]
Goods-Producing	24.9%	20.7%	0.0%	15.9%	17.7%	1.6%
Mining	0.8	0.6	-0.6	4.1	5.8	3.2
Construction	5.0	4.9	1.2	6.1	5.2	-0.3
Manufacturing	19.2	15.2	-0.3	5.7	6.7	2.0
Service-Producing	75.1	79.3	1.7	84.1	82.3	0.7
Transportation & Public Utilities	5.3	4.8	0.6	8.2	8.4	1.0
Wholesale Trade	5.8	6.1	1.7	3.6	3.7	0.9
Retail Trade	18.0	19.1	1.7	16.2	16.6	1.0
Finance, Ins. & R.E.	6.4	6.6	1.7	5.4	5.4	1.0
Services	22.7	27.3	2.7	30.0	29.9	0.8
Government	16.9	15.4	0.7	20.7	18.3	-0.1
Nonfarm Wage & Salary Employment	100.0%	100.0%	1.3%	100.0%	100.0%	0.8%

[1] Average annual nonfarm wage and salary employment growth rate from 1986-2000.

Sources: U.S. Bureau of Labor Statistics
Alaska Department of Labor, Research & Analysis Section.

While service-producing industries are growing in importance in the U.S. as a whole, their importance in Alaska has declined between 1986 and today and will continue to decline somewhat between today and 2000. Since the size of government and of service industries were relatively larger in Alaska in 1986 than in the rest of the U.S., their relative decline in Alaska makes the total distribution between goods-producing and service-producing industries more similar to that of the U.S. by the year 2000.

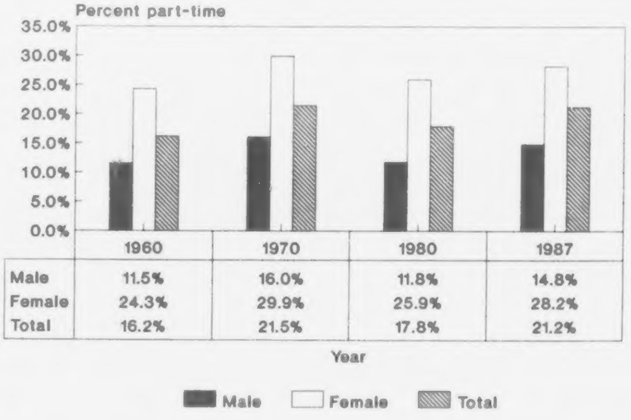
Employers Will Need to Offer More to Part-time Workers

While employment hasn't been projected by age or sex, it's expected that women will comprise a growing percentage of total employment as their percentage share rises in the total population and labor force.

Most of the Alaska employment gains for men and women have been in full-

Figure 9

Ratio of Part-time to Total Employment Alaska 1960-1987

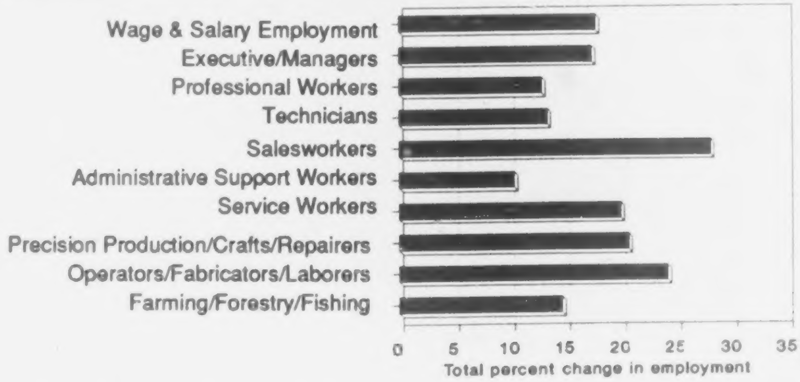


	1960	1970	1980	1987
Male	11.5%	16.0%	11.8%	14.8%
Female	24.3%	29.9%	25.9%	28.2%
Total	16.2%	21.5%	17.8%	21.2%

Sources: U.S. Census Bureau, Bureau of Labor Statistics.

Figure 10

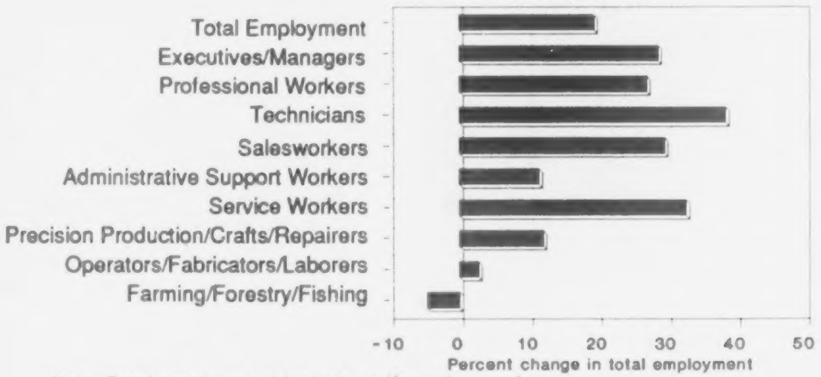
Wage & Salary Employment Growth by Occupational Category — Alaska 1987-2000



Note: Based on Case A estimates.
Source: Alaska Department of Labor, Research & Analysis Section.

Figure 11

Total Employment Growth by Occupational Category — U.S. 1986-2000



Note: Total employment includes self employment.
Sources: U.S. Bureau of Labor Statistics,
(adjusted by Alaska Department of Labor, Research & Analysis Section).

time employment. This has occurred despite the proliferation of fast-food establishments and the growth of services and retailing businesses, businesses which hire a greater than average share of part-time workers. Recent years' data show, though, that Alaska women have made little headway relative to Alaska men with regard to part-time versus full-time employment. The ratio of part-time to total employment for women hovered around twice the ratio for men from 1960 to 1987. (See Figure 9.) This means that women continue to be twice as likely as men to be employed part-time despite their steady increase in labor force participation.

The teenage labor force is an important source of part-time employment. Over 50% of total teenage employment is part-time.

With a declining percentage of the labor force consisting of those aged 16-24, employers may have more difficulty, especially in the near term, of filling part-time jobs. Employers may find it necessary to offer enhanced wages or benefits in order to attract women who want to work part time or to persuade older people to come out of retirement. As the population continues to age beyond the year 2000, older workers likely will play a greater role in part-time employment. Employers will have to use different incentives to attract women and older workers than they have used to attract teenage workers.

Occupational Outlook for Alaska Different from that of U.S. as a Whole

Differences between Alaska industry growth rates and those of the U.S. as a whole produce distinctions in growth rates of various occupations. In Alaska, from 1987 to 2000, the top three occupational categories sustaining the greatest percentage growth in employment are salesworkers (28%), operators/fabricators/laborers (24.1%), and precision production/crafts/repairers (20.6%). (See Figure 10.) By contrast, in the U.S. from 1986 to 2000, the latter two occupational categories will grow at below average rates — 2.7% and 12%, respectively. (See Figure 11.)

Alaskan executives and managers, professional workers, and technicians will comprise a slightly smaller percentage of wage and salary employment in 2000 compared to 1987. Nationally, between 1986 and 2000, it is projected that these occupations will increase their percentage of total employment.

The apparent cause of the differences between the occupational profiles of the U.S. and Alaska is the relatively larger role of government employment in Alaska, and the relatively smaller role of manufacturing in this state. These differences are consistent with the state's higher concentration of executives and managers, administrative support workers, technicians, and professional workers, and the lower percentage of operators/fabricators/laborers. The latter category was hard hit by the recession of 1986-88.

Fastest Growing Alaska Occupations Related to Mining

The cliche, 'the more things change, the more they stay the same' applies to the 10 largest occupations in 2000. With slight revisions, the 10 largest occupations are the same as the top 10 of 1987. (See Figure 12.)

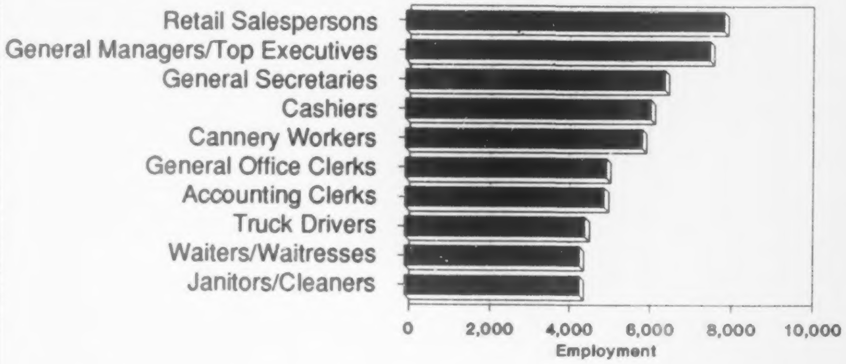
Comparing the 10 fastest growing occupations in Alaska with those of the U.S. as a whole, the national list is dominated by health care and technical occupations. (See Figure 13.) The Alaska list, on the other hand, is dominated by occupations in the mining industry. (See Figure 14.)

But occupations that grow rapidly often are those whose total employment numbers are small, since small changes in employment can produce large percentage changes. Annual openings in an occupation may come from growth or from 'separations'. (The word 'separations' is defined as openings created by the death or retirement of a person in the occupation.) Growth occurs over time as new positions are created by expansion of the occupation.

An analysis of the 10 fastest growing occupations which also produce 100-plus annual openings shows that seven of the ten are also on the list of the 10 largest occupations. (See Figure 15.) The greatest number of employment opportunities are more associated with large occupations than with fast-growing occupations.

Figure 12

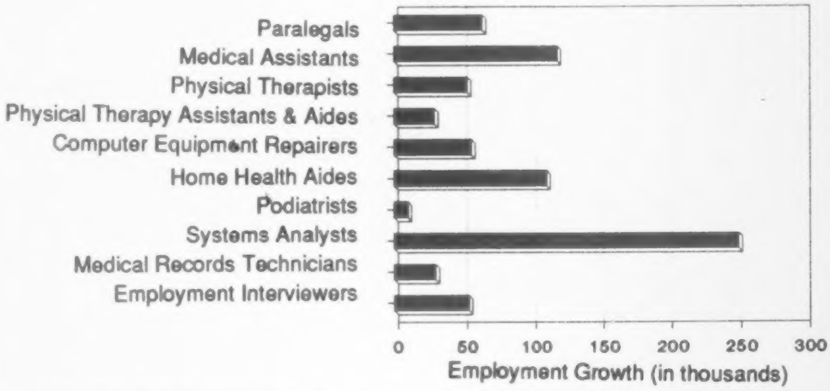
Top 10 Occupations in Year 2000
Alaska Wage & Salary Employment



Source: Alaska Department of Labor, Research & Analysis Section.

Figure 13

Occupations with the Fastest Percentage Growth
U.S. 1986-2000



Source: U.S. Bureau of Labor Statistics.

Disparity Remains Between Occupations Filled by Women and Men

In 1987, there was a significant disparity between the male and female employment distribution of occupations, according to 1987 Current Population Survey (CPS) data. Managers and professional categories comprised a similar percentage of male and female employment. But administrative support workers accounted for 28.2% of female employment and only 5.6% of male employment. Also, precision production/crafts/repairs occupations accounted for 20.7% of male employment and 1.2% of female employment. The operators/fabricators/laborers occupations were 15.8% male, and 3.8% female employment.

Women will find it more difficult to increase their share of employment without making in-roads in male-dominated occupational categories considering the projected growth of these occupational categories between 1987 and 2000. Noteworthy, though, is the fact that the male/female differences in the occupational profiles helped women in Alaska's most recent recession. The male-dominated occupations and industries were hit relatively harder by the recession than were the female-dominated occupations and industries.

Table 4

Case A
Employment by Broad Occupational Group & Level of Educational Attainment
Alaska 1987-2000
United States 1986-2000

	Alaska 1/		United States 2/	
	1987	2000	1986	2000
Group I Total	30.0%	29.1%	25.1%	27.2%
Management & Management-related Workers	10.4	10.4	9.6	10.3
Engineers, Architects & Surveyors	1.7	1.9	1.4	1.6
Natural Scientists & Computer Specialists	1.3	1.3	0.7	0.8
Teachers, Librarians & Counselors	7.1	6.3	4.5	4.3
Health Diagnosing & Treating Specialists	1.8	1.9	2.3	2.8
Other Professional Specialists	2.8	2.7	3.3	3.5
Technicians	4.9	4.7	3.3	3.8
Group II Total	41.1	40.9	41.6	40.6
Marketing & Salesworkers	9.2	10.0	11.4	12.4
Administrative Support Workers (including Clerical)	20.0	18.8	17.9	16.7
Blue collar Worker Supervisors	1.5	1.6	1.6	1.5
Construction Trades & Extractive Workers	3.4	3.5	3.6	3.6
Mechanics & Repairers	5.4	5.4	4.2	4.1
Precision Production & Plant Systems Workers	1.5	1.6	2.8	2.4
Group III Total	29.0	29.9	33.3	32.2
Service Workers (excluding Private Household Workers)	15.2	15.5	15.0	16.6
Agriculture, Forestry & Fishing Workers	0.9	0.9	3.2	2.6
Machine Setters & Operators	0.8	0.8	4.5	3.6
Assemblers & Other Hand Workers	2.9	3.2	2.4	2.0
Transportation & Material Moving Workers	5.5	5.7	4.3	4.0
Helpers & Laborers	3.7	3.8	3.9	3.4
TOTAL ALL GROUPS	100.0%	100.0%	100.0%	100.0%

1/ Wage and salary employment only.
2/ Total employment (excluding private household workers).

Note: Columns may not add due to rounding.

Sources: U.S. Bureau of Labor Statistics (U.S. data);
Alaska Department of Labor, Research & Analysis Section.

Alaska Jobs Will Remain Available to High School Graduates

When occupations are grouped by broad categories of educational attainment, the profile of Alaska occupations in 2000 turns out to be no dramatically different from the 1987 profile. (One group — Group I in Table 4 — includes occupational categories in which at least two-thirds of 1986 workers had one or more years of college. Another group — Group II in Table 4 — includes categories in which the median years of school completed was 12, and the proportion of those with less than a high school education was low. A third group — Group III in Table 4 — includes categories in which more than 30% of the workers had less than a high school education.)

While the national profile of total employment (including self-employment) shows a trend toward requiring more education and training, this trend doesn't appear to hold for Alaska. Since the Alaska profile excludes self-employment, the executive and professional categories may be understated, making comparisons with the U.S. more difficult. However, the differences in the industry growth rates between Alaska and the U.S. are consistent with a divergence in the trends toward required education.

This doesn't mean that education is unimportant in Alaska. For example, grouping occupations by current educational attainment ignores the possibility that educational requirements of various occupations will change over time. This analysis simply suggests that there will continue to be a demand in Alaska for workers with a diverse set of educational backgrounds, including high school, college, and vocational education.

Some Implications for the Future

The aging of the population will give Alaska an older, more experienced and more productive population from which to draw its labor force.

A slower rate of population growth will mean less pressure on the economy to create jobs. Further, it will mean that industry will look to labor saving types of investment. This, in turn, will increase labor productivity.

The relative growth of the most productive part of the population during the forecast period implies that there will be a larger percentage of people to shoulder the costs associated with the very young and the older components of the population (such as costs of education and health care).

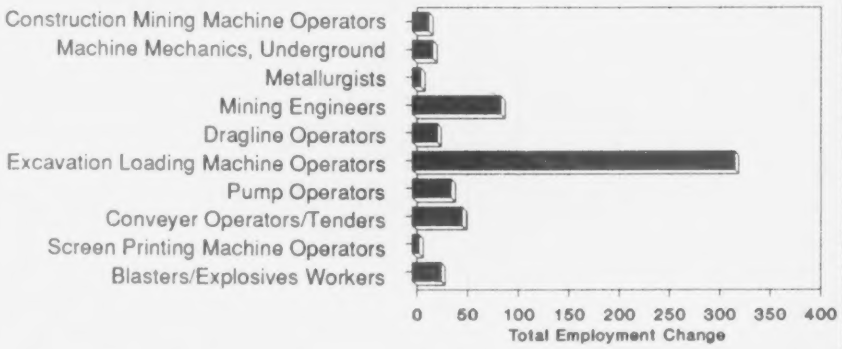
The increasing importance of women in the labor force should continue to focus concern on issues generally identified as important to women. These issues include equal opportunity and pay, sexual harassment, day care, flexible work hours, and health benefits. Some employers already are allowing employees to work part time for a few years when children are young; the employers aren't requiring them at the same time to climb off of the corporate promotion ladder.

Equal opportunity and discrimination based on age, origin, and race will continue to be important issues as a result of the aging of the population and work force. At the same time, employers will have more incentive to eliminate discrimination in order to compete effectively for workers. This is because most of the labor force growth will be among older workers, among minorities, and among women.

Additionally, employers may have to become more flexible in their staffing decisions in order to attract older workers. Job sharing and part-time work may have to rise in order to attract and keep workers in the older age groups. Retirement benefits and health care will be an increasingly important issue for employers and workers alike, especially when they view the next 20-year outlook in the year 2000.

Figure 14

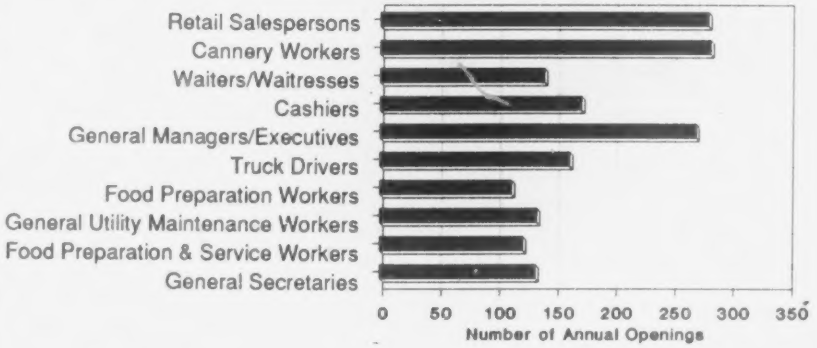
Ten Fastest Growing Occupations Alaska 1987-2000



Note: Growth defined as percentage change.
Source: Alaska Department of Labor, Research & Analysis Section.

Figure 15

Occupations with Fastest Growth Rates and 100+ Annual Openings — Alaska 1987-2000



Source: Alaska Department of Labor, Research & Analysis Section.

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Employment Prospects in June Were the Best Ever for Job Searchers

By Brian N. Rae

Stability is not a word often associated with the Alaskan economy. After nearly two decades of roller coaster performances, there was the possibility that the state's economy might settle down to a period of relatively stable growth. At least, that is what most of the economic indicators suggested.

Once again, outside forces have knocked the state's economy off the slow but steady growth track. The impact of the Exxon Valdez oil spill on Alaska's economy will be very short lived and disruptive.

Employment gains and the decline in the unemployment rate caused by the Exxon Valdez cleanup efforts won't last forever. The benefits of increased employment will be followed by an economic downturn as the cleanup winds down. Separating the growth which would have occurred without the cleanup effort from that caused by the spill is difficult, but determining the impact is not: Alaska's labor market is, at least at this moment, one of the best ever for job seekers.

Alaskans' Personal Income Growing, But Not as Fast as Other Americans

Data recently released by the Bureau of Economic Analysis show that Alaska's nonfarm personal income rose 7.2% (in current dollars, not adjusted for inflation) between the first quarters of 1988 and 1989. This rate of growth is better than the period between the 3rd quarter of 1982 and the 1st quarter of 1988 when Alaska's nonfarm personal income rose at an annual rate of 3.4%. (See Table 1.)

Still, neither rate is above the national averages of 9.4% (for the 1st quarters of 1988 and 1989) and 7.2% (for the 3rd quarter of 1982 through the 1st quarter of 1988). Nor is either Alaska rate better than the other Pacific Coast states. In fact, Alaska's one-year increase ranked 46th among all states. Alaska posted larger than average gains over the past year in only two industries, mining and nondurables manufacturing (the latter industry being dominated by seafood processing); from the 3rd quarter of 1982 through the 1st quarter of 1988 mining was the only industry to have its personal income level rise higher than that of the national average.

Several reasons could account for this comparatively poor performance. First, Alaska has consistently been at or near the top in per capita personal income. (Per capita personal income is defined by: personal income divided by the population of the state.) This is because Alaska wages and salaries are generally higher than the national average. Starting from this position near the top, it's no surprise that Alaska wouldn't have as high a percentage increase as most other states.

Table 1

Percentage Change in Total Nonfarm Personal Income
1st Quarter 1988 to 1st Quarter 1989

	Alaska	California	Washington	Oregon	U.S.
Nonfarm Personal Income	7.2	10.7	9.2	8.9	9.4
Durables Manufacturing [1]	2.6	7.5	12.3	3.7	7.2
Nondurables Manufacturing	9.7	10.6	4.9	3.5	6.7
Construction	5.5	11.4	12.7	22.9	11.6
Mining	19.5	-2.2	12.0	1.9	3.8
Private Service [2]	6.8	14.8	9.5	13.5	12.0
Government	3.8	7.2	8.4	7.0	6.7
Rank	46	3	19	29	n/a

Percentage Change in Total Nonfarm Personal Income
3rd Quarter 1982 to 1st Quarter 1988

	Alaska	California	Washington	Oregon	U.S.
Nonfarm Personal Income	3.4	8.4	6.9	6.3	7.2
Durables Manufacturing [1]	3.4	6.8	5.2	6.4	5.4
Nondurables Manufacturing	4.8	6.5	5.7	5.0	5.3
Construction	-14.0	11.1	2.6	6.5	7.8
Mining	1.5	0.7	5.8	-0.9	-4.4
Private Service [2]	0.5	9.6	7.6	7.0	8.7
Government	4.4	7.3	6.2	5.3	6.6
Rank	47	14	23	28	n/a

[1] "Durables" are products with a life expectancy greater than three years.

[2] Private services includes the wholesale and retail trade, FIRE, TCU and services industries.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Second, as the cost of living in Alaska converges with that of the Lower '49 states, there is less pressure to increase Alaska wages at the national rate. Inflation as measured by the Consumer Price Index has been much less in Anchorage (the only Alaskan city in the CPI) than the U.S. average. The lower the rate of inflation, the smaller the wage increase needed to maintain a certain standard of living.

Finally, the time period between the 3rd quarter of 1982 through the 1st quarter of 1988 was not one of steady economic growth. Although personal income rose at an annual rate of 3.4%, this rate doesn't reflect the rapid economic climb and more rapid descent which occurred during this period.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 6/89	r/ 5/89	6/88	Changes from: 5/89	 6/88
Nonag. Wage & Salary	231,500	221,300	221,900	10,200	9,600
Mining	10,900	10,400	10,400	500	500
Construction	10,000	8,400	9,900	1,600	100
Manufacturing	18,000	14,100	18,100	3,900	-100
Seafood Processing	10,400	6,900	10,500	3,500	-100
Lumber & Paper Products	4,000	3,800	4,000	200	0
All Other Manufacturing	3,600	3,400	3,600	200	0
Trans., Comm. & Utilities	24,100	22,000	18,300	2,100	5,800
Trucking & Warehousing	2,400	2,400	2,300	0	100
Water Transportation	6,600	5,400	1,100	1,200	5,500
Air Transportation	6,100	5,600	5,800	500	300
Communications	3,200	3,200	3,300	0	-100
All Other Transportation	5,800	5,400	5,800	400	0
Trade	45,300	43,300	44,300	2,000	1,000
Wholesale	8,200	7,700	7,800	500	400
Retail	37,100	35,600	36,500	1,500	600
General Merch. & Apparel	5,400	5,100	5,000	300	400
Food Stores	6.500	6,400	6,400	100	100
Eating & Drinking Places	14,000	13,300	13,900	700	100
All Other Retail	11,200	10,800	11,200	400	0
Finance, Ins. & Real Estate	10,600	10,500	10,800	100	-200
Services	46,000	44,200	45,100	1,800	900
Hotels & Other Lodging	5,800	4,700	5,700	1,100	100
Government	66,600	68,400	65,000	-1,800	1,600
Federal	18,500	17,900	18,300	600	200
State	19,800	19,700	18,500	100	1,300
Local	28,300	30,800	28,200	-2,500	100

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis.

Gulf Coast Region Leads the Employment Charge for June

The Gulf Coast Region led the charge in over-the-year employment gains; from June 1988, the region's employment was up by more than 25%. (See Table 3.) The Transportation, Communications and Utilities (TCU) sector showed the largest gains with levels over 10 times those of one year ago. (Oil spill cleanup workers are included in the water transportation industry classification.) Unemployment rates for the region were down to 6.3% in June, compared with 8% in May 1989 and 10.7% in June of last year. Both the Kodiak Island Borough and the Valdez-Cordova Census Area recorded rates well below this (3.2% and 4.5%, respectively). (See Table 5.)

Service sector industries in the Gulf Coast also showed strong growth, much of it attributable to oil spill activities. Certain secondary activities, such as clerical support and animal rescue and rehabilitation activities, are classified in the services sector. Employment rose over 10% for the year, and was up nearly 8% for the month. Retail and wholesale trade industries both posted increases, with combined employment nearly 5% above one year ago.

Other private sector industries didn't fare as well in the region. Although they did gain over the month, the construction and manufacturing sectors' employment levels were below year ago levels. FIRE (Fire, Insurance and Real Estate) sector employment remained unchanged for both the month and year.

In the public sector, state government showed the largest gains; employment was up more than 15% compared to year ago levels. Local government employment was down slightly compared to May, but its numbers were still nearly 3% above its year ago levels. Overall, government employment in the Gulf Coast Region was up by 350 jobs for the year.

Anchorage/MatSu and Interior Regions Follow Gulf Coast's Lead

The Anchorage/MatSu Region was also affected by cleanup related employment gains. Although the water transportation industry showed a healthy increase in June — up 250 from last year — cleanup employment gains were spread among more industries than just those in the Gulf Coast Region. The sheer size of the Anchorage/MatSu economy renders it difficult to attribute indirect employment growth to the cleanup effort. But the fact that Anchorage served as a supply and logistical center for cleanup operations undoubtedly affected the region's employment levels. All of the region's 1989 monthly employment estimates have been higher than comparable levels in 1988. That's good news for one of the regions hit hardest by the recent recession.

Changes in the Anchorage/MatSu Region unemployment rate are easier to detect. The unemployment rate dropped to 6.4% for June. The region saw in June a rise in employment, which helped lower the unemployment rate. At the same time, many formerly unemployed workers found oil spill jobs. This created a June unemployment rate that came in lower by two percentage points compared to the rate of one year ago. While some improvement must be attributed to a generally healthier economy, the cleanup activities also played a role.

Other regions less affected by the spill were still posting sound employment gains. The Interior Region showed a near 5% employment rise over the May level; this rise was facilitated mainly by healthy gains in construction, TCU, trade, and service sector industries. The region's unemployment rate, 9.3%, was nearly three percentage points below that of last year.

Current labor supplies in areas located miles from the spill are much smaller than in prior years, and many employers are experiencing difficulty filling lower paid positions. Several factors have combined to cause this. First, many people left the state in recent years. Second, unlike the trend of prior years, many seasonal jobs haven't been filled by Lower '49 workers. A strengthened U.S. economy has dissuaded many of these workers from traveling to Alaska to look for seasonal work. Finally, many seasonal Alaska workers and others in lower paid jobs were able to get jobs cleaning up the spill.

This Year's Statewide Construction Pace Up Over 1988 Levels (Finally)

When reviewing employment estimates for the different industries in June, one very small increase screams out for attention. Finally, after many months of over-the-year declines, the construction sector posted higher employment levels in June 1989 than last June. (See Table 2.) Obviously, one incremental gain does not a turnaround make, but any increase in this industry is encouraging.

The fact that much of the construction employment is concentrated in larger projects — like the Red Dog mine, Bradley Lake, military construction in Fairbanks, and pipeline repair work — doesn't lessen the importance of these employment gains. Alaska's construction industry has always relied heavily on large projects, and others will probably come along before these are completed. Bradley Lake, if completed on schedule, will bolster construction employment through September 1991. Maintenance and improvement projects on the TransAlaska Pipeline will also continue for several years. In 1989, $78 million in pipeline projects were authorized calling for the employment of about 500 workers.

The recent appropriation of $132 million for the state capital construction budget is another plus for the industry. When combined with federal and other funds, the total spending package will be over $343 million. Last year's capital budget was about the same — $352 million; $127 million of that was state-funded. Road and highway improvements will account for about $120 million of the capital budget this year, with $56.7 million going to the Southcentral Region, $35.6 million to the Northern Region, and $8 million to Southeast Alaska. An additional $17 million is earmarked for the Alaska Marine Highway System.

Water Transportation Still Posting Largest Gains

Once again, the Transportation, Communications and Utilities (TCU) sector posted the largest gains of any industry group. The gains were fueled by the oil spill cleanup efforts. Statewide, the water transportation sector posted a sixfold increase over its level of just one year ago. Even though the mobilization of workers was well underway in May, June employment increased over 20% from the May levels.

Events other than the Exxon Valdez spill have bolstered TCU sector employment numbers. One of the largest impactors, and the one most in doubt just a few months ago, is the seasonal influx of tourists to the state. The 1989 tourist season appears to have started off well despite the fact that some visitors cancelled their Alaska vacation plans due to oiled beaches and a wintry cold snap. Employment numbers were up strong over the month in both local passenger transportation and in transportation service industries.

Tourism Helped Boost Service Sector

Tourism also positively affected service sector industries during the month of June. Employment in hotels and motels was up sharply, having increased nearly 25% over May levels. Although the number of ships visiting Alaska has been down from last year, the percentage of cabins filled has been near capacity. And while some hotels and motels report a decreased number of stays from last year, others seem to be having their best year yet. Some cities are reporting an increased number of independent and return travelers. As cruise ship companies venture further north and west, tourists' dollars will be spread thinner over a larger area. This trend may hurt some smaller communities if tours hit only those spots of special interest to their customers.

Overall, the services sector has grown about 2% for the year; meanwhile, though, business and personal services industries have grown by 6%. This may serve as an indication of the strengthening of the entire economy.

Table 3

Nonagricultural Wage and Salary Employment
By Place of Work

Anchorage Borough

	p/	r/		Changes from:	
	6/89	**5/89**	**6/88**	**5/89**	**6/88**
Nonag. Wage & Salary	104,450	102,050	102,650	2,400	1,800
Mining	3,800	3,700	3,450	100	350
Construction	4,650	3,750	4,750	900	-100
Manufacturing	3,300	2,700	3,300	600	0
Trans., Comm. & Utilities	9,950	9,650	9,500	300	450
Trucking & Warehousing	1,500	1,550	1,300	-50	200
Water Transportation	550	500	300	50	250
Air Transportation	3,500	3,350	3,550	150	-50
Communications	1,800	1,800	1,800	0	0
All Other Transportation	2,600	2,450	2,550	150	50
Trade	25,500	25,100	24,800	400	700
Wholesale	6,000	5,950	5,700	50	300
Retail	19,500	19,150	19,100	350	400
General Merch. & Apparel	2,550	2,450	2,500	100	50
Food Stores	3,200	3,100	3,000	100	200
Eating & Drinking Places	7,850	7,800	7,750	50	100
All Other Retail	5,900	5,800	5,850	100	50
Finance, Ins. & Real Estate	6,900	6,900	7,200	0	-300
Services	25,450	24,850	24,950	600	500
Government	24,900	25,400	24,700	-500	200
Federal	10,150	9,900	10,350	250	-200
State	6,800	6,850	6,450	-50	350
Local	7,950	8,650	7,900	-700	50

Fairbanks North Star Borough

	p/	r/		Changes from:	
	6/89	**5/89**	**6/88**	**5/89**	**6/88**
Nonag. Wage & Salary	27,150	26,100	26,450	1,050	700
Mining	200	150	200	50	0
Construction	1,850	1,500	1,750	350	100
Manufacturing	650	600	650	50	0
Trans., Comm. & Utilities	2,200	1,900	2,000	300	200
Trucking & Warehousing	450	400	400	50	50
Air Transportation	350	300	300	50	50
All Other Transportation	1,400	1,200	1,300	200	100
Trade	6,450	6,000	6,350	450	100
Wholesale	750	750	750	0	0
Retail	5,700	5,250	5,600	450	100
Food Stores	800	750	800	50	0
All Other Retail	4,900	4,500	4,800	400	100
Finance, Ins. & Real Estate	800	750	800	50	0
Services	5,950	5,700	6,000	250	-50
Government	9,050	9,500	8,700	-450	350
Federal	2,900	2,900	2,800	0	100
State	3,700	3,900	3,500	-200	200
Local	2,450	2,700	2,400	-250	50

Anchorage-MatSu Region

	p/	r/		Changes from:	
	6/89	**5/89**	**6/88**	**5/89**	**6/88**
Nonag. Wage & Salary	111,100	108,500	109,150	2,600	1,950
Mining	3,800	3,750	3,450	50	350
Construction	4,850	4,000	4,950	850	-100
Manufacturing	3,450	2,800	3,450	650	0
Trans., Comm. & Utilities	10,700	10,400	10,050	300	650
Trade	26,850	26,350	26,400	500	450
Finance, Ins. & Real Estate	7,350	7,250	7,600	100	-250
Services	26,600	25,850	26,200	750	400
Government	27,500	28,100	27,050	-600	450

Interior Region

	p/	r/		Changes from:	
	6/89	**5/89**	**6/88**	**5/89**	**6/88**
Nonag. Wage & Salary	31,300	29,950	30,800	1,350	500
Mining	350	350	350	0	0
Construction	1,950	1,600	1,850	350	100
Manufacturing	650	600	700	50	-50
Trans., Comm. & Utilities	2,600	2,250	2,500	350	100
Trade	6,900	6,350	6,800	550	100
Finance, Ins. & Real Estate	850	800	900	50	-50
Services	6,600	6,250	6,650	350	-50
Government	11,400	11,750	11,050	-350	350

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis.

(cont. on page 17)

Table 3 *(cont. from page 16)*

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	6/89	5/89	6/88	5/89	6/88
Nonag. Wage & Salary	33,550	31,850	32,450	1,700	1,100
Mining	300	250	200	50	100
Construction	1,300	1,200	1,100	100	200
Manufacturing	5,650	4,950	5,750	700	-100
Seafood Processing	1,650	1,200	1,550	450	100
Lumber & Paper Products	3,750	3,500	3,900	250	-150
All Other Manufacturing	250	250	300	0	-50
Trans., Comm. & Utilities	2,600	2,300	2,600	300	0
Trade	5,400	5,100	5,100	300	300
Wholesale	500	500	450	0	50
Retail	4,900	4,600	4,650	300	250
Finance, Ins. & Real Estate	1,050	1,000	1,050	50	0
Services	5,550	5,150	5,250	400	300
Government	11,700	11,900	11,400	-200	300
Federal	2,100	2,000	2,100	100	0
State	5,450	5,350	5,100	100	350
Local	4,150	4,550	4,200	-400	-50

Southwest Region

	p/	r/		Changes from:	
	6/89	5/89	6/88	5/89	6/88
Nonag. Wage & Salary	14,700	13,600	14,200	1,100	500
Seafood Processing	3,950	2,700	3,850	1,250	100
All Other Private	4,900	4,500	4,800	400	100
Government	5,850	6,400	5,550	-550	300
Federal	1,350	1,300	1,300	50	50
State	550	600	450	-50	100
Local	3,950	4,500	3,800	-550	150

Gulf Coast Region

	p/	r/		Changes from:	
	6/89	5/89	6/88	5/89	6/88
Nonag. Wage & Salary	27,400	24,500	21,650	2,900	5,750
Mining	850	850	850	0	0
Construction	900	800	950	100	-50
Manufacturing	4,000	2,950	4,300	1,050	-300
Seafood Processing	3,300	2,250	3,650	1,050	-350
All Other Manufacturing	700	700	650	0	50
Trans., Comm. & Utilities	6,650	5,650	1,550	1,000	5,100
Trade	4,250	3,900	4,050	350	200
Wholesale	700	600	650	100	50
Retail	3,550	3,300	3,400	250	150
Finance, Ins. & Real Estate	550	550	550	0	0
Services	4,300	4,000	3,850	300	450
Government	5,900	5,800	5,550	100	350
Federal	600	550	600	50	0
State	1,850	1,750	1,600	100	250
Local	3,450	3,500	3,350	-50	100

Northern Region

	p/	r/		Changes from:	
	6/89	5/89	6/88	5/89	6/88
Nonag. Wage & Salary	14,150	13,450	13,850	700	300
Mining	5,550	4,850	5,600	700	-50
All Other Private	4,250	4,150	3,900	100	350
Government	4,350	4,450	4,350	-100	0
Federal	400	350	400	50	0
State	300	350	300	-50	0
Local	3,650	3,750	3,650	-100	0

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis.

Table 4

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 6/89	r/ 5/89	6/88	p/ 6/89	r/ 5/89	6/88	p/ 6/89	r/ 5/89	6/88
Mining	$1,032.90	$1,050.67	$1,205.89	47.1	47.2	51.6	21.93	22.26	23.37
Construction	1,177.24	1,102.87	1,020.82	47.7	46.3	43.0	24.68	23.82	23.74
Manufacturing	487.68	590.18	518.46	38.4	46.0	43.9	12.70	12.83	11.81
Seafood Processing	330.94	434.15	369.90	35.7	48.4	45.0	9.27	8.97	8.22
Lumber & Paper Products	748.66	781.14	688.33	46.1	47.0	42.1	16.24	16.62	16.35
Trans., Comm. & Utilities	607.76	598.89	578.89	38.2	36.9	36.5	15.91	16.23	15.86
Trade	389.66	389.88	378.22	35.2	34.2	33.8	11.07	11.40	11.19
Wholesale	547.47	523.26	543.82	39.5	38.0	38.9	13.86	13.77	13.98
Retail	335.99	346.17	322.60	33.7	33.0	32.1	9.97	10.49	10.05
Finance, Ins. & R.E.	420.00	408.61	387.38	37.4	35.5	34.1	11.23	11.51	11.36

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

The trade sector also showed its normal seasonal increase in June, up nearly 5% from May levels, and up over 2% from June 1988 levels. The largest gains were posted in wholesale trade and in the general merchandise and apparel portions of retail trade.

Finance Sector Continues its Restructuring

Whether it was the construction or the FIRE sector that was hurt most during the recession is open to debate. Although June FIRE employment estimates were again lower than those of one year ago, there is some good news in the industry. Key Bank has become an aggressive player in Alaska, buying Juneau-based B.M. Behrends Bank and opening a new branch in Palmer. The expansion of Key Bank indicates that some in the industry sense that the Alaskan economy has stabilized enough to present opportunities for profit. First National Bank of Anchorage became the state's second billion dollar bank early in the second quarter of this year. Unlike other banks whose holdings were at best shaky, First National Bank of Anchorage has a record of being extremely conservative in its investments.

Also significant is that Alaska Housing Finance Corporation (AHFC) sold more homes then it repossessed in June of this year — 313 sold versus 288 repossessed. (See Figure 1.) If this trend continues, both the construction and FIRE sectors should benefit. As in the case of the first month of over-the-year employment growth, this is not an irrefutable sign of new found strength. It is certainly a welcome event for AHFC. As of May 31, 10.1% of AHFC loans on single family and duplex homes were over 30 days overdue, while 16.4% of condominium loans were overdue. However, only 4.15% of these loans were more than 120 days overdue and threatened with foreclosure.

Government Employment Drops As Schools Close

Government employment posted an over-the-month decline in June; this development was expected with the summer time closure of schools. While local government was the largest loser, falling 2,500 over the month, the federal government payroll rose by approximately 500. When comparing levels to June of last year, state government rose the most — 6.6% (or about 1,200 employees). As of June, local governments in Alaska were employing slightly over 100 more persons than one year ago.

The state appropriated $63 million less for fiscal year 1990 than had been appropriated the prior year, setting this year's total budget at $2.35 billion. (The $2.35 billion figure excludes money received from federal sources, permanent fund dividends, or other money spent from the earnings of the permanent fund.) Gregg Erickson, of the Division of Policy in the Governor's office, commented that the new budget "seems to reflect a big difference in attitude. In earlier years when rising oil prices boosted state revenue, the usual reaction was to spend more. This year revenue was up, but spending still came down. That's a big change. The legislature is beginning to look at the long term fiscal situation more closely."

As mentioned earlier, the state's capital budget actually increased for the year. Budgeted for declines were the operating budget, debt service fund and various loan programs. Preliminary estimates for FY 1990 show real per capita operating expenses (in FY 1990 dollars) to have fallen from $3,972 in FY 1989 to $3,767 in FY 1990. Total per capita expenditures also have fallen over the same period — by 5.6%, from $4535 to $4,281.

Fish Processing Jobs Bolster the Manufacturing Sector

The state's manufacturing industry showed its normal, strong seasonal increase in June; employment rose more than 25% from its May level. Nearly all of this growth can be attributed to the seafood processing industry which gained 3,500 in employment for the month. Strong job gains in this industry were posted in all coastal regions. Some of the over-the-month growth can be attributed to the late May halibut opening. Because employment estimates are based on employment during that week which includes the 12th day of each month, the May figures didn't include halibut processing. Further, strong returns of reds and pinks helped significantly boost June employment levels.

Employment in the timber industry, the other major component of the manufacturing sector, increased by only 250. The industry started slowly in 1989, but like last year it has been operating at full capacity ever since. As a result, the over-the-year employment levels are virtually the same. For the manufacturing sector as a whole, employment levels are down very slightly compared to June 1988 figures. The state's mining industry is showing growth both over the month and the year. Oil and gas mining continues to show some growth, but the majority of the increase is coming in minerals mining. Although much smaller than the oil and gas sector, minerals mining has risen by more than 25% over the year and by nearly 15% during June.

Summary

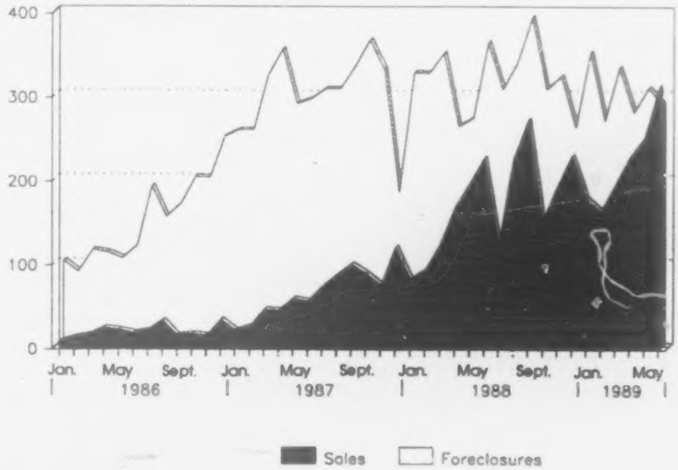
The 1989 Alaskan economy was expected to show slow but steady growth. This growth was to be accompanied by a strengthening in the labor market. Thus, this was the prospect: new jobs created during the year would employ Alaskans from a labor pool that was smaller than it had been in several years. Oil spill cleanup activities, however, quickly hired many workers from this labor pool. As a result, many employers have found it difficult this summer to find qualified workers. The numbers of persons employed in the cleanup have sent the state's unemployment rates to their lowest levels in many years. However, yet unknown are the ramifications of closing down the cleanup activities and the flooding of the labor market with several thousand unemployed workers.

About the author:

Brian Rae is a labor economist employed four years with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Juneau.

Figure 1

AHFC Foreclosures vs. Sales January 1986 Through June 1989



Source: Alaska Housing Finance Corporation.

Table 5

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 6/89	r/ 5/89	6/88	p/ 6/89	r/ 5/89	6/88	p/ 6/89	r/ 5/89	6/88	p/ 6/89	r/ 5/89	6/88
Alaska Statewide	246,262	240,339	247,485	17,298	18,580	22,609	7.0	7.7	9.1	228,964	221,759	224,876
Anch.-MatSu Region	122,199	121,155	126,330	7,815	8,188	10,691	6.4	6.8	8.5	114,384	112,967	115,639
Anchorage Borough	108,468	107,523	111,890	6,091	6,345	8,468	5.6	5.9	7.6	102,377	101,178	103,422
MatSu Borough	13,731	13,632	14,440	1,724	1,843	2,223	12.6	13.5	15.4	12,007	11,789	12,217
Gulf Coast Region	32,750	30,086	28,054	2,052	2,393	2,991	6.3	8.0	10.7	30,698	27,693	25,063
Kenai Peninsula Borough	20,463	18,937	17,636	1,592	1,913	2,229	7.8	10.1	12.6	18,871	17,024	15,407
Kodiak Island Borough	7,315	6,608	6,196	237	223	418	3.2	3.4	6.7	7,078	6,385	5,778
Valdez-Cordova	4,972	4,541	4,222	223	257	344	4.5	5.7	8.1	4,749	4,284	3,878
Interior Region	35,143	34,540	36,767	3,266	3,756	4,463	9.3	10.9	12.1	31,877	30,784	32,304
Fairbanks North Star Borough	30,222	29,620	31,681	2,616	2,960	3,705	8.7	10.0	11.7	27,606	26,660	27,976
Southeast Fairbanks	1,965	1,985	2,051	169	251	231	8.6	12.6	11.3	1,796	1,734	1,820
Yukon-Koyukuk	2,956	2,935	3,035	481	545	527	16.3	18.6	17.4	2,475	2,390	2,508
Northern Region	8,239	8,005	8,352	886	820	949	10.8	10.2	11.4	7,353	7,185	7,403
Nome	3,224	3,075	3,143	482	396	383	15.0	12.9	12.2	2,742	2,679	2,760
North Slope Borough	2,914	2,829	2,949	171	148	187	5.9	5.2	6.3	2,743	2,681	2,762
Northwest Arctic Borough	2,101	2,101	2,260	233	276	379	11.1	13.1	16.8	1,868	1,825	1,881
Southeast Region	35,352	34,477	35,282	2,423	2,645	2,438	6.9	7.7	6.9	32,929	31,832	32,844
Haines Borough	877	869	888	70	89	83	8.0	10.2	9.3	807	780	805
Juneau Borough	15,933	15,374	15,902	886	829	894	5.6	5.4	5.6	15,047	14,545	15,008
Ketchikan Gateway Borough	6,510	6,342	6,482	481	513	468	7.4	8.1	7.2	6,029	5,829	6,014
Pr. of Wales-Outer Ketchikan	2,782	2,701	2,791	345	345	360	12.4	12.8	12.9	2,437	2,356	2,431
Sitka Borough	4,147	4,072	4,207	211	267	281	5.1	6.6	6.7	3,936	3,805	3,926
Skagway-Yakutat-Angoon	1,637	1,657	1,627	177	246	171	10.8	14.8	10.5	1,460	1,411	1,456
Wrangell-Petersburg	3,466	3,462	3,385	253	356	181	7.3	10.3	5.3	3,213	3,106	3,204
Southwest Region	12,579	12,076	12,700	856	778	1,077	6.8	6.4	8.5	11,723	11,298	11,623
Aleutian Islands	3,431	3,288	3,461	70	49	129	2.0	1.5	3.7	3,361	3,239	3,332
Bethel	4,870	4,639	4,878	458	387	504	9.4	8.3	10.3	4,412	4,252	4,374
Bristol Bay Borough	456	449	477	21	30	46	4.6	6.7	9.6	435	419	431
Dillingham	2,200	2,135	2,208	104	115	130	4.7	5.4	5.9	2,096	2,020	2,078
Wade Hampton	1,622	1,565	1,676	203	197	268	12.5	12.6	16.0	1,419	1,368	1,408

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Newly Released DOL Publications

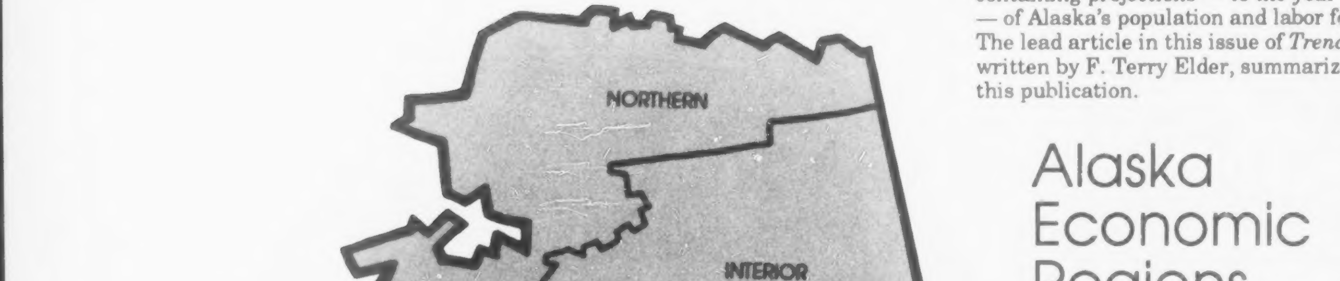
Available as of the last few weeks through the Alaska Department of Labor (DOL) Research & Analysis Section (R&A) are three new publications:

- *Alaska Population Overview — 1986 and Provisional 1987 Estimates,*
- *Alaska Directory of Licensed Occupations,* and
- *Alaska 2000 — Population, Labor Force and Employment in the Year 2000*

Alaska Population Overview, a 131-page publication written by a state demographer, includes a broad array of information about statewide and regional population trends, and breaks out Alaska's population by race, age and sex. According to the author, Greg Williams, "the 1988 estimates show a net out-migration from nearly every area of the state except Southeast Alaska."

Alaska Directory of Licensed Occupations, a 44-page publication, briefly describes 58 Alaska occupations that require licenses issued by various state and federal agencies. The publication also lists and describes eight occupations regulated by the Municipality of Anchorage. In addition, the publication details the education, experience, professional examinations and fees required of each occupation by the appropriate regulating agency. And it lists the current number of license holders for each occupation.

Alaska 2000 is a 95-page publication containing projections — to the year 2000 — of Alaska's population and labor force. The lead article in this issue of *Trends*, written by F. Terry Elder, summarizes this publication.



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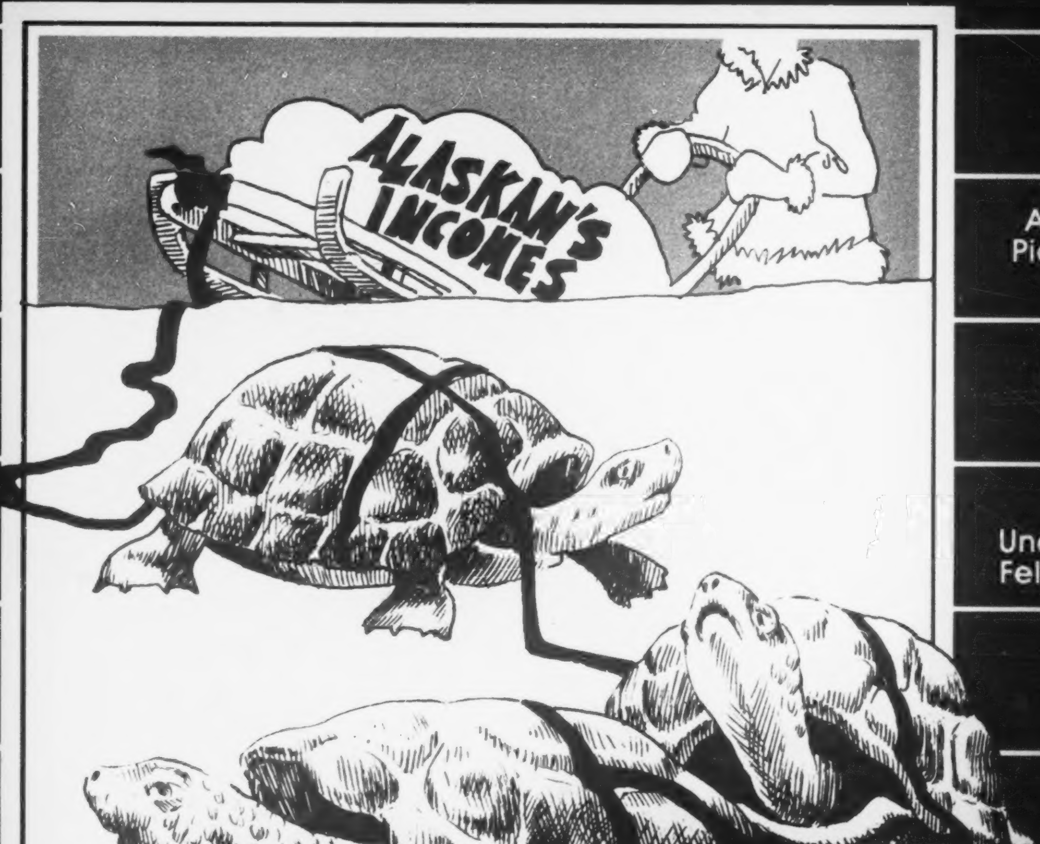

Alaska's Income Picture Brightened in 1987&1988

Measuring the Cost of Living

Alaska's July Unemployment Rate Fell To A Record Low

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC

TRENDS

Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

We welcome contributions on current economic issues from our readers. For a copy of our editorial policy contact the Editor, *Alaska Economic Trends*, Alaska Department of Labor, P.O. Box 25501, Juneau, Alaska 99802-5501, Telephone: (907) 465-4500.

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October 1989
Volume 9

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Cover Design by Jim Fowler

Alaska's Income Picture Brightened in 1987 & 1988

By Neal Fried

Alaska's total personal income broke the $10 billion barrier in 1988. (See Table 1.) After losing ground in 1987, the growth in 1988 was additional confirmation that the recession was ending. (See Figure 1).

Alaska's personal income picture continued to improve in 1989, too. First quarter 1989 figures registered a 7.2% increase over 1st quarter 1988 levels.

Alaskans' 1988 Income Growth Sluggish Compared to Other States

Although Alaska's personal income has risen, it's been sluggish compared to other states. Alaska's personal income grew 3.4% in 1988; nationwide, it grew 7.6% that year. Alaska's 1988 rate of income growth found company among the bottom seven states in the nation. All of this company was with oil–producing and farm states.

The state's present income picture is lackluster compared to prior years. Between 1980 and 1985 Alaska's personal income grew 12% per year. During the 1970–1980 decade, it grew 14% per year. And although inflation in Alaska (measured by the Anchorage Consumer Price Index) fell to record lows during the past two years, income gains were stronger in past years when inflation was considerably higher. In inflation–adjusted dollars, personal income growth was 7.2% per year from 1980 to 1985. In 1988, inflation–adjusted personal income growth was 3.0%.

Table 1

Total and Per Capita Personal Income Alaska & U.S. 1970-1988

	Alaska total (in millions of dollars)	U.S. total (in millions of dollars)	Alaska per capita (in dollars)	U.S. per capita (in dollars)	Alaska percent of U.S. per capita
1970	$ 1,517	$ 825,528	$ 4,986	$ 4,051	123%
1971	1,671	888,453	5,279	4,296	123
1972	1,832	976,071	5,610	4,664	120
1973	2,160	1,095,076	6,482	5,181	125
1974	2,632	1,204,070	7,635	5,644	135
1975	3,755	1,307,539	10,121	6,069	167
1976	4,521	1,446,099	11,499	6,647	173
1977	4,674	1,601,844	11,764	7,289	161
1978	4,805	1,806,207	11,947	8,133	147
1979	5,017	2,026,684	12,435	9,025	138
1980	5,586	2,252,021	13,797	9,910	139
1981	6,449	2,514,231	15,492	10,949	141
1982	7,739	2,663,432	17,371	11,481	151
1983	8,758	2,834,385	18,164	12,098	150
1984	9,140	3,101,163	18,093	13,114	138
1985	9,802	3,317,545	18,795	13,896	135
1986	9,818	3,519,211	18,506	14,596	127
1987	9,680	3,766,075	18,461	15,472	119
1988	10,006	4,052,992	19,079	16,489	116

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

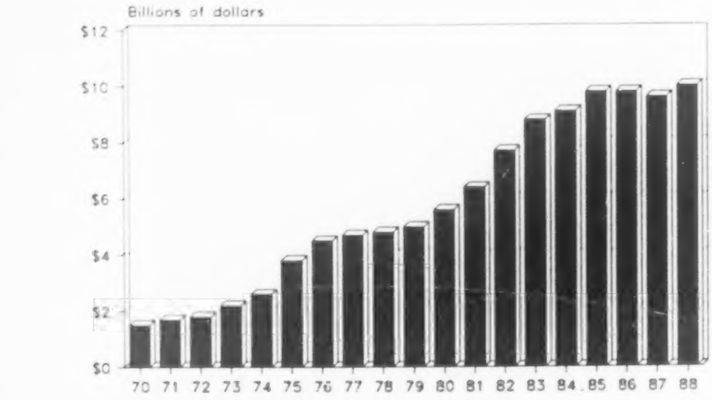
The information presented in this article has a variety of uses. The income and wage data tell of Alaskans' purchasing power in different areas of the state. This same information can be used as a yardstick to measure the economic health of the entire state, of a particular area, or of a particular industry. The average monthly wage data provide one indication to employers about the cost of doing business. The poverty guidelines are used to determine eligibility for many federal programs. All of this income and wage data, when combined with cost of living information, can paint a picture of Alaskans' economic well being.

Personal Income . . . According to BEA:

Personal income data are produced by the federal Bureau of Economic Analysis (BEA), an agency of the U.S. Department of Commerce. Personal income covers all sources of cash income that accrue to individuals during a specific time period. This income is then aggregated to produce figures for areas, states and regions. The personal income figures are adjusted for residency by subtracting income earned by nonresidents. For example, in 1988, $456 million was subtracted from Alaska's total personal income to adjust for residency.

Figure 1

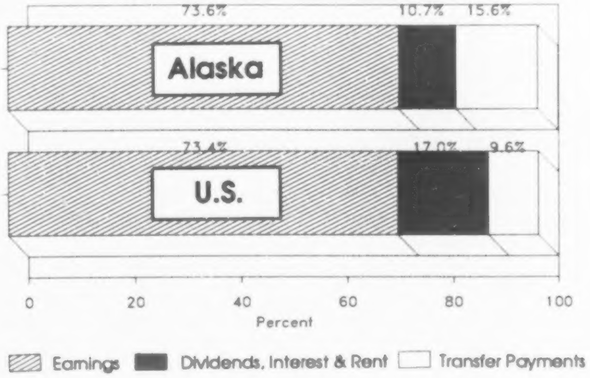
Alaska Total Personal Income 1970-1988



Sources: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure 2

Personal Income by Source Alaska & U.S.



Sources: U.S. Department of Commerce, Bureau of Economic Analysis.

When BEA calculates personal income figures they include:

- Earnings (which consist of wages and salaries, other labor income, and proprietors' income),
- Dividends, interest, and rent on assets, and
- Transfer payments (which include private and government pension plans, social security, welfare programs and unemployment benefits.) In Alaska, Longevity Bonus payments and Permanent Fund dividends are also included.

Earnings Are Largest Portion of the Income Pie

Figure 2 clearly identifies earnings as the major source of personal income. For both Alaska and the U.S., the proportions are nearly identical. But significant differences appear in the dividend, interest, rent, and transfer payment sources.

Part of the explanation for the differences is demographic. A younger population has had less time to accumulate capital assets than an older population. And Alaska's population is the second youngest in the nation.

The considerably larger share of transfer payments in Alaska is primarily due to the state's unique Longevity Bonus and Permanent Fund Dividend programs. This sum was nearly equivalent to all retirement and disability benefits (including social security benefits) disbursed in the state last year.

Income Sources Shift Over Time

All three major sources of personal income contributed to total Alaska personal income growth in 1988 and 1989. During the recessionary years of 1986–1987, earnings were falling because of job losses. At the same time, transfer payments were growing in importance because of growth in welfare, social security, and unemployment benefits.

If we look at the income mix over time, there have been significant shifts. Earnings' share declined from 84% of total personal income in 1980 to 74% in 1988. This happened partly because transfer payments became a considerably more important source of income for Alaskans with the 1982 advent of the Permanent Fund dividend program.

Personal income is projected to grow throughout the rest of 1989 because of the present economic expansion taking place. One economist estimated that the Exxon Valdez oil spill alone would add a 1-2% increase to personal income. The improved personal income picture is just another economic indicator confirming that Alaska's economy is moving forward again.

Are Alaskans As Well Off As They Used to Be?

Per capita income is one economic measure used to answer the question, 'Are Alaskans as well off as they used to be?' Per capita income is simply the total personal income of an area divided by the area's resident population (every man, woman and child).

In earlier years, Alaska's per capita income was an impressive figure that garnered many a headline. As late as 1985 Alaska enjoyed the status of being the state with the highest per capita income in the nation. (See Figure 3.) Since 1973, Alaska's per capita income registered at least 25% above the national average and peaked at an extraordinary 73% above in 1976. Even as late as 1983 Alaska's per capita income was 50% higher than the national average. But in 1986 and 1987 Alaska's per capita income fell as a result of the recession. Meanwhile, the national average forged ahead. Alaska's difference fell to 16%, hardly an impressive figure when the state's high cost of living is figured in. (See Cost of Living article elsewhere in this issue.)

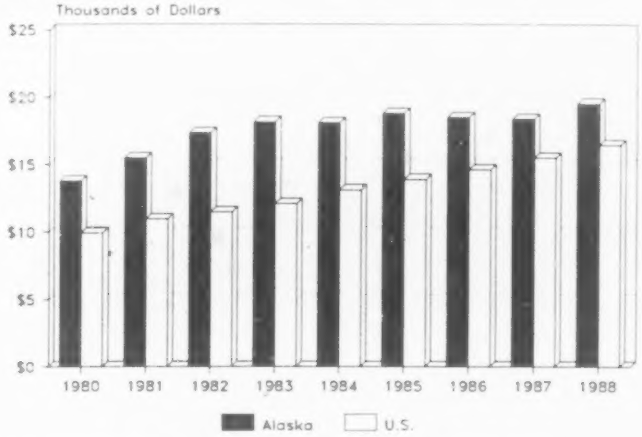
Alaska's per capita income picture improved in 1988, growing by 3.3% to $19,079. (See Table 2.) The recovery in per capita income was not accompanied, though, by an improvement relative to the rest of the nation. In fact, Alaska's per capita income, which for 13 consecutive years was ranked number 1, is ranked 7th this year.

Alaska's Per Capita Income Varies Dramatically

Personal per capita income figures are available for the state's boroughs and census areas. Unfortunately, because they lag behind the state figures by a year, the most recent figures are those of 1987. These figures should be used with caution because income sources at these levels are more difficult to derive. Population estimates at these levels tend to be less accurate, and aberrations in an area's population can create misleading results. For example, a large college population could unduly

Figure 3

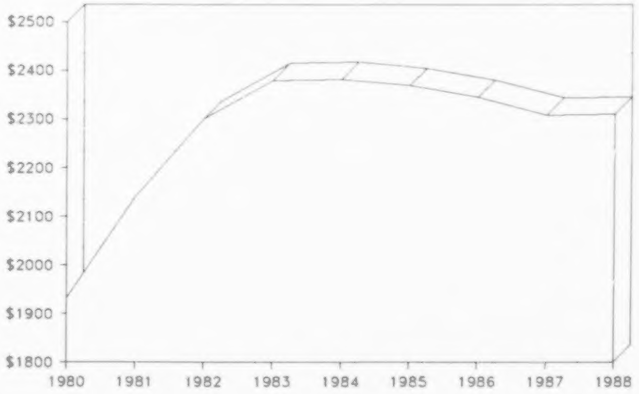
Per Capita Income for Alaska & U.S.



Sources: U.S. Department of Commerce, Bureau of Economic Analysis.

Figure 4

Alaska's Average Monthly Wage 1980-1988



Sources: Alaska Department of Labor, Research & Analysis.

Table 2

Per Capita Personal Income by State 1987-1988

	1988	1987	'87-'88 percent change	1988 percent of U.S.	1988 average persons per household	1988 average household income
Connecticut	$23,059	$21,258	8.5%	140%	2.60	$59,953
District of Columbia	21,389	19,543	9.4	130	2.35	50,264
New Jersey	21,994	20,277	8.5	133	2.56	56,305
Massachussets	20,816	19,131	8.8	126	2.66	55,371
Maryland	19,487	18,217	7.0	118	2.85	55,538
New Hampshire	19,434	18,083	7.5	118	2.66	51,694
New York	19,305	17,943	7.6	117	2.56	49,421
ALASKA	19,079	18,461	3.3	116	2.66	50,750
California	18,753	17,770	5.5	114	2.67	50,071
Virginia	17,675	16,539	6.9	107	2.63	46,485
Deleware	17,661	16,305	8.3	107	2.60	45,919
Illinois	17,575	16,394	7.2	107	2.62	46,047
Nevada	17,511	16,359	7.0	106	2.49	43,602
Rhode Island	16,892	15,683	7.7	102	2.99	50,507
Hawaii	16,753	15,569	7.6	102	2.56	42,888
Minnesota	16,674	15,789	5.6	101	2.58	43,019
Florida	16,603	15,594	6.5	101	2.49	41,341
Michigan	16,552	15,558	6.4	100	2.46	40,718
U.S.	16,489	15,472	6.6	100	2.62	43,201
Washington	16,473	15,634	5.4	100	2.54	41,841
Colorado	16,463	15,680	5.0	100	2.66	43,792
Pennsylvania	16,233	15,198	6.8	98	2.60	42,206
Kansas	15,759	15,089	4.4	96	2.52	39,713
Ohio	15,536	14,575	6.6	94	2.55	39,617
Wisconsin	15,524	14,674	5.8	94	2.59	40,207
Missouri	15,452	14,630	5.6	94	2.59	40,021
Vermont	15,302	14,267	7.3	93	2.55	39,020
Georgia	15,260	14,387	6.1	93	2.52	38,455
Maine	15,106	13,996	7.9	92	2.46	37,161
Arizona	14,970	14,322	4.5	91	2.68	40,120
Indiana	14,924	13,987	6.7	91	2.54	37,907
Oregon	14,885	13,906	7.0	90	2.67	39,743
Nebraska	14,774	14,100	4.8	90	2.51	37,083
Iowa	14,662	14,028	4.5	89	2.60	38,121
Texas	14,586	13,840	5.4	88	2.74	39,966
North Carolina	14,304	13,353	7.1	87	2.57	36,761
Tennessee	13,873	12,977	6.9	84	2.67	37,041
Wyoming	13,609	12,836	6.0	83	2.58	35,111
Oklahoma	13,323	12,607	5.7	81	2.54	33,840
South Carolina	12,926	12,078	7.0	78	2.62	33,866
Montana	12,866	12,304	4.6	78	2.75	35,382
Alabama	12,851	12,039	6.7	78	2.58	33,156
North Dakota	12,833	12,825	0.1	78	2.58	33,109
Kentucky	12,822	11,996	6.9	78	2.71	34,748
South Dakota	12,755	12,414	2.7	77	2.67	34,056
Idaho	12,665	11,797	7.4	77	2.75	34,829
New Mexico	12,488	11,889	5.0	76	2.57	32,094
Louisiana	12,292	11,506	6.8	75	2.77	34,049
Arkansas	12,219	11,421	7.0	74	2.59	31,647
Utah	12,193	11,530	5.8	74	3.17	38,652
West Virginia	11,735	11,013	6.6	71	2.61	30,628
Mississippi	11,116	10,301	7.9	67	2.78	30,902

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

depress an area's income because students' earnings are usually low.

The diversity in regional per capita income shown in Table 3 is astounding. It reaches a high of $26,505 in the Haines Borough and dives to $9,075, in the Wade Hampton Census Area of southwest Alaska. The cause of the difference usually can be attributed to the presence of a major industry in an area. For those local economies with a major industry such as fishing, oil, government or timber, per capita income tends to be higher. Areas with low per capita income typically don't have much economic infrastructure. This usually translates into lower incomes for Alaska's rural areas. For example, rural areas such as those near Bethel, Nome, and the Northwest Arctic Borough have low per capita income. There are, however, significant exceptions—the North Slope Borough, where oil development is dominant, and the Bristol Bay Borough, where the fisheries bring wealth. The more urban communities of the state, such as Fairbanks, Anchorage, Juneau, and Ketchikan, enjoy above average per capita income.

Household Income and Median Family Income:

Estimates for household income are shown in Table 2. They are derived by multiplying the per capita income figures by average household size as estimated by the U.S. Census Bureau. When comparisons are made to all of the U.S., Alaska's household income fares slightly better than personal income because Alaska's average household size is also above the national average.

Table 4 shows Alaska median family income statistics — broken out by boroughs and census areas — calculated by the U.S. Department of Housing and Urban Development.

Alaska's Wages and Salaries Also Grew In 1988

Like in the personal income picture, Alaska's wages and salaries also began to eke out some growth in 1988. Alaska's total wage and salary income of $5.9 billion grew by 2% in 1988. Alaska's wage and salary trends tend to dovetail personal income trends because wages and salaries make up such a large component of income.

The average monthly wage data presented in Tables 5 and 6 represent the gross wages paid per job. Gross wages don't necessarily portray what an individual earns because more than one individual may hold one of these jobs over the course of the year. This wage data also doesn't differentiate between part– and full–time workers. What it does provide is the average monthly wage cost to an employer (wage cost only, excluding benefits). Also, average monthly wage data provide broad wage trends and give an indication of average compensation by industry and geographic area.

Average Monthly Wages Vary Among Industries and Areas

The top average monthly wage of $5,126 is paid by the mining industry (which is comprised almost entirely of the oil industry). This compares to the bottom wage paid by the retail trade industry, $1,274. This disparity exists for two reasons: the industries compensate their employees differently, and the employees work a differing number of hours. Mining industry employment is characterized by lots of overtime work, while the retail industry is a major employer of part–time help.

The differences in average monthly wages attributable to geography is as dramatic as the disparity that exists in average monthly wages between industries. The geographical difference exists for most of the same reasons as those of personal income. Unlike personal income, however, the average monthly wage data aren't adjusted for residency. For example, the North Slope's average wage would be substantially lower if most of the oil industry's wages were subtracted from the area.

Table 3

Alaska's Per Capita Income by Census Area 1985-1987

	1985	1986	1987	Percent of U.S.	Rank in state	1986-87 percent change
ALASKA	$18,795	$18,506	$18,461	119.0%	--	-0.2%
U.S.	13,896	14,596	15,472	100.0	--	6.0
Aleutian Islands	16,786	17,063	17,309	111.9	11	1.4
Anchorage Borough	20,974	21,111	21,102	136.4	5	0.0
Bethel Census Area	11,243	11,313	11,466	74.1	22	1.4
Bristol Bay Borough	24,538	25,065	23,772	153.6	2	-5.2
Dillingham Census Area	14,780	14,815	14,657	94.7	15	-1.1
Fairbanks North Star Borough	18,473	17,031	16,780	108.5	12	-1.5
Haines Borough	21,512	24,366	26,505	171.3	1	8.8
Juneau Borough	23,163	21,666	21,949	141.9	3	1.3
Kenai Peninsula Borough	15,982	15,835	15,306	98.9	14	-3.3
Ketchikan Gateway Borough	19,360	20,603	21,944	141.8	4	6.5
Kodiak Island Borough	14,352	15,680	16,190	104.6	13	3.3
Matanuska-Susitna Borough	15,273	12,767	13,408	86.7	18	-2.6
Nome Census Area	13,899	13,344	13,886	89.7	16	4.1
North Slope Borough	25,041	20,499	19,861	128.4	8	-3.1
Northwest Artic Borough	12,849	12,343	12,273	79.3	19	-0.6
Prince of Wales-Outer Ketchikan C.A.	14,502	14,283	13,440	86.9	17	-5.9
Sitka Borough	17,155	17,914	18,129	117.2	9	1.2
Skagway-Yakutat-Angoon Census Area	16,849	18,289	17,428	112.6	10	-4.7
Southeast Fairbanks Census Area	12,757	12,607	11,634	75.2	21	-7.7
Valdez-Cordova Census Area	20,982	20,635	20,672	133.6	7	0.2
Wade Hampton Census Area	8,453	8,550	9,075	58.7	23	6.1
Wrangell-Petersburg Census Area	19,633	20,020	20,708	133.8	6	3.4
Yukon-Koyukuk Census Area	12,288	12,235	11,788	76.2	20	-3.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Average Monthly Wage Peaked In 1984

Alaska's overall average monthly wage peaked at $2,382 in 1984 and continued to fall through 1987. (See Figure 4.) Much of the decline can be attributed to a decline in the construction industry's share of total employment. The construction industry commands the second highest average monthly wage at $3,315. (Commanding the highest average monthly wage is mining.)

Table 4

Alaska Median Family Income Federal Fiscal Year 1989 1/

ALASKA	$46,000
U.S.	34,000
Aleutian Islands Census Area	34,900
Anchorage Borough	49,900
Bethel Census Area	25,500
Bristol Bay Borough	66,200
Dillingham Census Area	35,100
Fairbanks North Star Borough	41,600
Haines Borough	40,600
Juneau Borough	62,200
Kenai Peninsula Borough	42,300
Ketchikan Gateway Borough	54,000
Kodiak Island Borough	49,100
Matanuska-Susitna Borough	40,100
Nome Census Area	28,700
North Slope Borough	56,100
Northwest Arctic Borough	30,800
Prince of Wales-Outer Ketchikan	40,700
Sitka Census Area	57,200
Skagway-Yakutat-Angoon Census Area	41,100
Southeast Fairbanks Census Area	23,900
Valdez-Cordova Census Area	49,400
Wade Hampton Census Area	22,200
Wrangell-Petersburg Census Area	48,500
Yukon-Koyukuk Census Area	25,300

1/ (October 1988-September 1989)

Source: U.S. Department of Housing & Urban Development.

In 1983, the construction industry was responsible for 9.6% of total employment in the state, compared to 4.1% in 1988. The average monthly wage in construction also took a beating, falling from its 1982 peak of $3,941. Fewer construction workers earning smaller wages dragged down Alaska's average monthly wage. Other industries' average monthly wages were also battered by the recession, contributing to the overall decline.

The state's average monthly wage finally stabilized in 1988. And even making small comebacks that year were average monthly wages in a number of industrial sectors, including construction, trade, and services.

The Valdez–Cordova Census Area's average monthly wage should experience a strong surge in 1989 because of the effects of the oil spill. Also increasing to a lesser extent should be the Kenai Peninsula and the Kodiak Island Borough's average monthly wages. Other major gains in the average monthly wage aren't expected in the near future. Instead, small statewide gains are anticipated in 1989.

Table 5

Alaska's Average Monthly Wage by Industry 1980-1988

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Mining	$3,802	$4,030	$4,254	$4,550	$4,703	$5,311	$4,921	$5,171	$5,126
Construction	3,342	3,756	3,941	3,860	3,651	3,383	3,425	3,315	3,399
Manufacturing	1,846	1,828	1,955	2,065	2,115	2,000	2,019	2,116	2,143
Trans., Comm. & Utilities	2,458	2,731	2,915	2,931	2,946	2,797	2,896	2,718	2,699
Trade	1,342	1,446	1,522	1,598	1,624	1,546	1,610	1,409	1,487
Wholesale	2,156	2,286	2,446	2,533	2,558	2,558	2,601	2,484	2,468
Retail	1,154	1,244	1,302	1,373	1,397	1,316	1,376	1,272	1,274
Finance, Ins. & Real Estate	1,565	1,687	1,915	2,017	2,122	2,252	2,173	2,258	2,216
Services	1,404	1,614	1,792	1,831	1,837	1,719	1,802	1,655	1,692
Government	1,945	2,142	2,296	2,420	2,480	2,627	2,565	2,641	2,641
Federal	1,741	1,952	2,019	2,172	2,268	2,348	2,298	2,414	2,520
State	2,312	2,433	2,567	2,683	2,698	2,887	2,829	2,895	2,859
Local	1,847	2,071	2,295	2,397	2,464	2,617	2,539	2,615	2,567
Statewide	1,931	2,140	2,301	2,379	2,382	2,369	2,345	2,308	2,310

Source: Alaska Department of Labor, Research & Analysis Section.

Table 6

Alaska's Average Monthly Wage by Census Area
1980-1988

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Aleutian Islands Census Area [1]	$1,549	$1,590	$1,702	$1,693	$1,769	$1,875	$1,892	$2,009	--
Aleutians East Borough [1]	--	--	--	--	--	--	--	--	$2,310
Aleutian Island West C.A. [1]	--	--	--	--	--	--	--	--	2,140
Anchorage Borough	1,921	2,075	2,208	2,289	2,327	2,346	2,385	2,363	2,382
Bethel Census Area	1,197	1,466	1,634	1,735	1,792	1,756	1,830	1,743	1,727
Bristol Bay Borough	1,695	2,045	1,989	1,904	2,099	1,860	1,960	2,013	1,970
Dillingham Census Area	1,637	1,764	1,849	2,150	1,862	1,858	1,863	1,828	1,850
Fairbanks North Star Borough	2,049	2,210	2,384	2,474	2,414	2,432	2,347	2,320	2,236
Haines Borough	1,256	1,539	1,728	1,897	2,008	2,089	2,237	2,360	2,373
Juneau Borough	1,873	2,093	2,195	2,283	2,267	2,295	2,320	2,341	2,339
Kenai Peninsula Borough	2,031	2,197	2,313	2,309	2,344	2,343	2,255	2,169	2,245
Ketchikan Gateway Borough	1,868	1,904	2,069	2,137	2,110	2,099	2,107	2,138	2,178
Kodiak Island Borough	1,534	1,636	1,878	2,003	1,857	1,968	1,620	1,757	1,807
Matanuska-Susitna Borough	1,585	1,745	1,926	1,918	2,036	1,725	1,976	1,974	1,902
Nome Census Area	1,481	1,648	1,898	1,933	1,980	1,970	1,988	2,022	2,024
North Slope Borough	3,800	4,415	4,778	4,849	4,911	1,951	4,341	4,079	4,053
Northwest Arctic Borough	1,576	1,717	1,729	1,986	2,020	4,681	1,914	1,958	2,122
Prince of Wales-Outer Ketchikan C.A.	1,866	1,851	1,955	2,124	2,091	1,937	2,039	1,954	2,089
Sitka Census Area	1,838	2,062	2,140	2,082	2,088	2,000	2,009	2,040	2,045
Skagway-Yakutat-Angoon C.A.	1,435	1,623	1,832	2,055	1,703	1,759	1,786	1,746	1,807
Southeast Fairbanks Census Area	1,479	1,661	1,637	1,765	1,807	1,900	2,036	1,914	1,890
Valdez-Cordova Census Area	2,222	2,407	2,488	2,411	2,501	2,507	2,483	2,475	2,417
Wade Hampton Census Area	1,150	1,328	1,444	1,447	1,463	1,414	1,450	1,570	1,452
Wrangell-Petersburg Census Area	1,524	1,766	1,909	2,084	1,950	2,098	2,058	2,006	2,065
Yukon-Koyukuk Census Area	2,126	2,318	2,405	2,465	2,393	2,063	2,090	2,046	2,082
Statewide Average	$1,931	$2,140	$2,301	$2,379	$2,382	$2,369	$2,345	$2,308	$2,310

[1] Aleutian Island Census Area split into Aleutians East Borough and Aleutians Islands West Census Area in 1988.

Source: Alaska Department of Labor, Research & Analysis Section.

Table 7

1989 Poverty Guidelines

Family Size	Alaska	All states except Alaska and Hawaii
1	$ 7,480	$ 5,890
2	10,030	8,020
3	12,580	10,060
4	15,130	12,100
5	17,680	14,140
6	20,230	16,180
7	22,780	18,220
8	25,330	20,260
For each additional family member add:	$ 2,550	$ 2,040

Source: Federal Register, Vol. 54, No. 31, February 16, 1989.

Table 8

1989 Lower Living Standard Income Level (LLSIL)

Family Size	Income Criteria for 100% of the (LLSIL)	Income Criteria for 70% of the (LLSIL)
1		$ 7,480
2		10,950
3		15,030
4	$ 26,510	18,560
5		21,900
6		25,610
7		29,320
8		33,030
For each additional family member add:		$ 3,710

Source: Federal Register, Vol. 54, No.63, April 4, 1989.

About the author:

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Poverty Guidelines

Although the most recent data on the number of Alaskans who live in poverty is dated 1980, new poverty guidelines are issued yearly. These guidelines are used for many government programs to determine individual eligibility for a variety of assistance programs and services. The two most common sets of guidelines are the Poverty Income Guidelines and the Lower Living Standard Income Level (LLSIL). (See Tables 7 and 8.)

The Alaska guidelines are aligned with the national guidelines, with a 25% cost of living adjustment added on. The Alaska guidelines are also adjusted annually to account for an increase in the cost of living (as reflected by the U.S. Consumer Price Index). The 1990 census will provide the next profile of Alaska's poverty population.

Summary

Alaska's personal income and average monthly wage picture finally began to improve in 1988 after experiencing two straight years of decline. However, these gains were considerably smaller than they had been in prior years.

Alaska's per capita income is now ranked 7th in the nation and enjoys only a 16% income advantage over the rest of the U.S. If the cost of living is taken into consideration, it appears Alaska's position, relative to the rest of the nation, has been steadily narrowing.

Within Alaska, both per capita income and the average monthly wage varies dramatically. Generally speaking, per capita income and the average monthly wage are considerably lower in rural Alaska than in more urban parts of the state.

The average monthly wage also varies between industries. The 1988 range stretches from a high of $5,126 earned in the mining industry to a low of $1,274 earned in retail trade.

The immediate outlook for both income and wages is continued slow growth. The fate of both are tied to Alaska's economic prosperity. Slow economic growth is forecast for the next couple of years.

Measuring the Cost of Living; Indicators are Imperfect Tools

by Brian N. Rae and James R. Wilson

The cost of living in Alaska and in its various far-flung communities is a topic brought before Alaska Department of Labor economists almost daily.

Of all the acronyms that have been created by this nation's governmental bureaucracy, few are better known than the CPI, the Consumer Price Index. Nearly every American who earns and spends dollars has some idea as to what the CPI is and how it is used. Still, many misconceptions abound concerning this and other indicators which attempt to compare the costs of living among various places and times.

Cost of Living Comparison Process Not Straight Forward

Preparing a cost of living comparison among different cities seems straightforward enough. Isn't it a simple task to find the costs of a home in different cities, the

Table 1

Consumer Price Index – Urban Consumers All Items and Selected Components U.S. & Alaska

	All Items				All Items Less Shelter				Housing		Medical		Food & Beverage	
Year	U.S. annual average	Percent change	Anchorage annual average	Percent change	U.S. annual average	Percent change	Anchorage annual average	Percent change	U.S. annual average	Anchorage annual average	U.S. annual average	Anchorage annual average	U.S. annual average	Anchorage annual average
1960	29.6		34.4											
1965	31.5	6.4%	35.3	2.6%										
1970	38.8	23.2	41.1	16.4										
1975	53.8	38.7	57.1	38.9										
1980	82.4	53.2	85.5	49.7	82.9		84.7		81.1	85.9	74.9	78.8	86.7	89.7
1981	90.9	10.3	92.4	8.1	91.0	9.8%	92.0	8.6%	90.4	92.5	82.9	86.9	93.5	94.3
1982	96.5	6.2	97.4	5.4	96.2	5.7	96.3	4.7	96.9	98.2	92.5	94.8	97.3	97.2
1983	99.6	3.2	99.2	1.8	99.8	3.7	99.9	3.7	99.5	99.0	100.6	99.7	99.5	99.7
1984	103.9	4.3	103.3	4.1	103.9	4.1	103.8	3.9	103.6	102.7	106.8	105.5	103.2	103.2
1985	107.6	3.6	105.8	2.4	107.0	3.0	107.5	3.6	107.7	103.0	113.5	110.9	105.6	106.2
1986	109.6	1.9	107.8	1.9	108.0	0.9	111.2	3.4	110.9	102.6	122.0	127.8	109.1	110.8
1987	113.6	3.6	108.2	0.4	111.6	3.3	115.1	3.5	114.2	97.5	130.1	137.0	113.5	113.1
1988	118.3	4.1	108.6	0.4	115.9	3.9	117.8	2.3	118.5	95.4	138.6	145.8	118.2	113.8
1st half 1988	116.8		108.4		114.4		117.0		117.2	95.8	136.5	143.0	116.5	113.5
1st half 1989	122.7	5.1	110.9	2.3	120.4	5.2	121.4	3.8	121.7	95.8	146.3	153.1	123.6	116.4

Notes: The most current Consumer Price Index data available for Alaska is for the first half of 1989.
For comparability, data for the first half of 1988 is given to show the percentage change over the year.

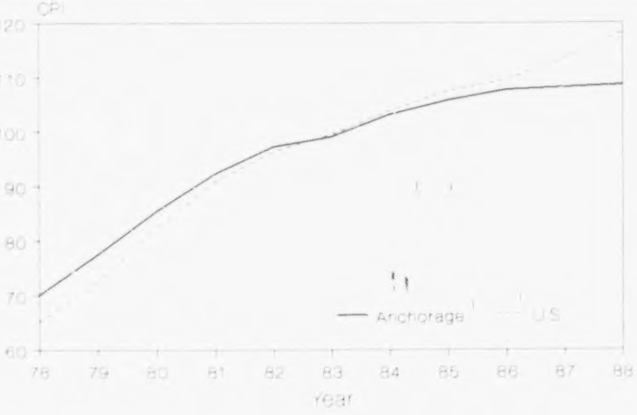
Data unavailable for components between 1960 and 1979.

costs of food, of medical care, and all the things an average person consumes? Unfortunately, there are many different things to consider when comparing costs of living. And each survey can look at costs in only one way.

This article explains how the imperfect science of measuring 'cost of living' is gauged using two types of surveys, spatial and temporal. Further, this article explains five different cost of living surveys: the Consumer Price Index, the American Chamber of Commerce Researchers Association's Intercity Cost of Living Index, the University of Alaska's Cost of Food at Home study, Runzheimer International's Living Costs Index, and the Alaska School District Profiles and Differential Study.

Figure 1

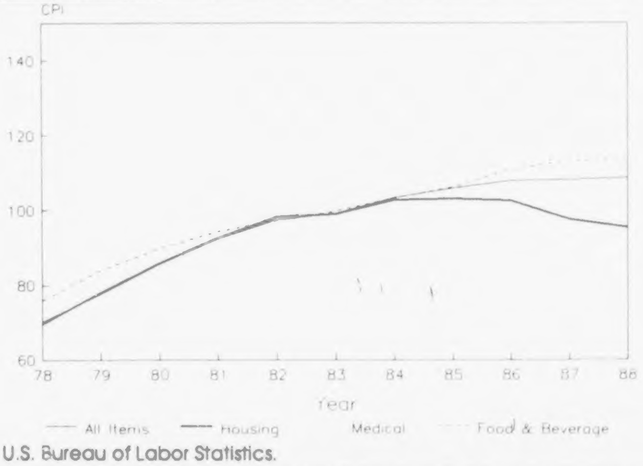
Consumer Price Index – Urban Consumers U.S. & Anchorage (1982-1984 = 100)



Source: Alaska Department of Labor, Research & Analysis Section.

Figure 2

Consumer Price Index – Anchorage All Items & Selected Items (1982-1984 = 100)



Source: U.S. Bureau of Labor Statistics.

Starter's Glossary: Market Basket, Reverse Pricing, Forward Pricing, Spatial Survey, Temporal Survey

One of the first considerations in creating a survey is determining the target population, the people for whom the cost of living index is being computed. If a narrowly defined population is chosen, the survey will apply only to a small percentage of the population. On the other hand, if a broader population is chosen, the results might not accurately reflect the cost of living for any individual.

The types of goods and services purchased, or 'market basket,' affects the usefulness of the index. If the selected market basket reflects the purchasing pattern of everyone in the target population, there is no concern. This is rarely the case, however. The further the market basket diverges from an individual's purchases, the less applicable the index for that individual.

There are two types of cost of living surveys — spatial and temporal. In a spatial survey, costs of living in different locations are compared at one point in time. In a temporal survey, changes in the costs of living over time are computed for one location.

When conducting a spatial survey there are two ways to prepare the market basket; both are imperfect. 'Forward pricing' is one option. Here, a single market basket is decided upon, and then the goods and services are priced in each community included in the survey. A problem arises if not all the same goods and services are available in each community, or if consumption patterns are different among communities. Still, forward pricing is the one used in all but one of the surveys later explained in this article.

The second pricing technique is known as 'reverse pricing.' One base community is selected, and then other communities are compared to this base. The unique aspect of this technique is that a different market basket reflecting local consumption patterns is created for each community. The School District Differential Study survey is the only survey later explained in this article which uses the reverse pricing technique.

A market basket must also be determined for temporal surveys. In these surveys, price fluctuations must be recorded over time. Any inflexibility of the market basket creates problems for either temporal or spatial surveys. If relative prices (the ratio of the price of one item to another) are different among places in a spatial survey, or if they change over time in a temporal survey, so too will consumption. If the price of one item rises relative to another, then consumption of the more expensive item will fall. Any changes in consumption will not, however, be reflected in the market basket. For example: if the market basket assures that certain amounts of beef and chicken are purchased, then price fluctuations won't change the amounts purchased even if the price of one rises and the other declines. (A comparable problem occurred with the CPI during the early 1970s when gasoline prices skyrocketed and consumption fell; still, the market basket assumed that a certain quantity of gas continue to be purchased.)

No Study Shows True Cost of Living

These are a few of the factors which must be addressed when quantifying cost of living differences between communities or over time. No study is perfect. None really shows the true cost of living. To some degree they are all compromises. Still, the studies are a useful tool to those trying to understand how much more expensive living costs are in one area compared to another.

The CPI: the Nation's Most Widely Used Measure

The CPI is the most widely used cost of living measure in the U.S., and it is the only temporal cost of living measure explained in this article. The most important point to remember is that the CPI measures the change in costs in one area over time.

The CPI uses prices during a base time period and compares them with other time periods. (In this article the base time period is 1982 through 1984. The average of prices during the base period is given a value of 100.)

Comparing CPI figures over different time periods produces a rate of change; it does nothing, though, to quantify the cost of living.

For specific questions concerning various surveys, readers can contact the authors of this article at the Alaska Department of Labor's Research & Analysis Section, or they can contact any one of the following groups:

Alice Klein
American Chamber of Commerce Researchers Assn.
c/o Louisville Area Chamber of Commerce
One Riverfront Plaza
Louisville, KY 40202

(Annual subscription rate for the quarterly ACCRA report: $75.)

Dennis G. Taylor
Runzheimer & Co.
Living Cost Division
Runzheimer Park
Rochester, WI 53167

('Runzheimer Living Cost Standards' is available for purchase through the company.)

For information on the 'Cost of Food at Home for a Week' survey, contact:

Marguerite Stetson
c/o University of Alaska
Cooperative Extension Service
Fairbanks, AK 99701

For information on the Alaska School District Profiles & Differential Study, contact:

Legislative Budget & Audit Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

For information on the Consumer Price Index, contact:

U.S. Department of Labor
Bureau of Labor Statistics
71 Stevenson Street
P.O. Box 3766
San Francisco, CA 94119

Table 2

American Chamber of Commerce Researchers Association
Intercity Cost of Living Index
Ranking of 20 Highest Index Cities
1st Quarter 1989

City	Total index	Grocery	Housing	Utilities	Transportation	Health	Miscellaneous
Nassau-Suffolk, NY	156.7	113.3	245.6	182.6	128.6	144.5	121.6
KODIAK, AK	152.7	152.6	172.8	183.3	115.4	186.1	135.2
KETCHIKAN, AK	144.8	139.0	145.0	139.5	137.6	208.7	138.1
Washington, D.C.	129.8	107.5	169.6	127.2	136.5	124.1	112.7
JUNEAU, AK	129.4	125.6	112.7	147.0	128.6	199.9	121.3
Orange County, CA	129.0	104.8	216.6	71.1	109.0	127.6	108.6
FAIRBANKS, AK	128.0	125.6	113.5	127.5	125.1	195.2	125.8
Montpelier-Barre, VT	127.6	111.0	190.1	127.2	105.2	103.7	106.5
Ventura County, CA	127.4	104.8	213.8	66.3	114.9	116.6	107.3
Philadelphia, PA	127.2	107.6	143.7	170.1	112.4	134.9	115.0
Manchester, NH	125.7	106.8	169.4	132.9	121.4	117.3	105.6
Naperville, IL	125.5	102.4	177.7	103.7	117.1	109.7	115.6
San Diego, CA	124.5	102.8	186.4	78.4	125.3	123.0	108.2
Los Angeles County, CA	124.4	104.8	196.2	70.4	108.4	129.1	108.3
San Jose, CA	123.0	103.4	196.3	73.5	105.6	135.1	103.3
Schaumburg, Il	120.3	113.6	162.9	103.4	113.3	111.8	104.1
Springfield, MA	119.9	105.1	167.6	113.2	106.5	108.8	104.2
ANCHORAGE, AK	118.4	128.4	117.1	93.2	109.7	159.2	117.0
Wilmington, DE	117.8	109.7	127.2	138.1	99.0	116.9	116.6
Temecula, CA	116.3	98.3	155.1	100.2	110.2	130.0	103.5
Ranking of Alaska Cities by Category							
Anchorage	18	3	35	175	29	5	5
Fairbanks	7	4	48	13	6	3	3
Juneau	5	4	50	4	3	2	4
Ketchikan	3	2	16	5	1	1	1
Kodiak	2	1	9	1	13	4	2

Source: Intercity Cost of Living Index (268 cities), 1st Quarter 1989, American Chamber of Commerce Researchers Association.

The CPI shows changes over time, so a single CPI number is meaningless. Looking at Figure 1, the plotted lines don't mean, as one might first think, that the average cost of living in Anchorage in 1988 was less than the U.S. average in 1988. It is the slope of the line that is important. The slope shows that the Anchorage CPI rose less than did the U.S. CPI between 1987 and 1988. Likewise, the Anchorage inflation rate was below the U.S. average rate between 1978 and 1983. This is shown in Figure 1 by the steeper slope of the U.S. average line as compared to the Anchorage line.

CPI Usefulness Limited in Alaska

As mentioned earlier, all indices are compromised for various reasons. The CPI is no exception. Anchorage is the only Alaska city included in the CPI because of the high costs involved in collecting and processing the information. This limits the CPI's usefulness for people outside Anchorage if consumption patterns or relative prices are different from those in Anchorage.

For example, much of the state has seen real estate prices fall from their 1985 levels, but Anchorage was the area of the state hardest hit. Table 1 and Figure 2 break out several components of the CPI. Noteworthy is how the housing component in Anchorage has fallen since its 1985 high. Since housing comprises such a large component in the index, this has

Table 3

American Chamber of Commerce Researchers Association
Intercity Cost of Living Index
1st Quarter 1989

	All items index	Grocery items	Housing	Utilities	Trans-portation	Health care	Miscel-laneous goods & services
West							
ANCHORAGE, AK	118.4	128.4	117.1	93.2	109.7	159.2	1.0
FAIRBANKS, AK	128.0	125.6	113.5	127.5	125.1	195.2	125.8
JUNEAU, AK	129.4	125.6	112.7	147.0	128.6	199.9	121.3
KETCHIKAN, AK	144.8	139.0	145.0	139.5	137.6	208.7	138.1
KODIAK, AK	152.7	152.6	172.8	183.3	115.4	186.1	135.2
Salt Lake City, UT	95.9	94.8	84.7	89.0	96.9	105.6	104.6
San Diego, CA	124.5	102.8	186.4	78.4	125.3	123.0	108.2
Seattle, WA	106.4	108.3	108.6	63.0	117.4	140.7	106.9
Southwest							
Albuquerque, NM	102.3	95.8	106.4	100.3	109.1	104.9	100.1
Dallas, TX	103.8	106.2	102.3	106.1	111.5	106.7	98.8
Phoenix, AZ	102.7	98.3	105.6	93.2	101.5	117.6	103.5
Midwest							
Minneapolis, MN	101.7	95.3	112.3	102.3	106.0	102.1	95.4
Omaha, NE	91.9	87.8	88.2	87.6	108.3	87.2	92.5
Saint Louis, MO	98.9	99.7	96.8	108.8	100.0	99.9	95.8
Southeast							
Augusta, GA	98.7	96.0	94.7	99.5	98.0	99.5	102.8
Birmingham, AL	98.8	94.9	95.1	110.2	96.5	92.8	101.8
Louisville, KY	96.4	102.0	90.9	98.6	99.3	87.1	97.2
Atlantic/New England							
Baltimore, MD	107.3	103.4	117.0	106.4	108.4	113.5	100.7
Philadelphia, PA	127.2	107.6	143.7	170.1	112.4	134.9	115.0
Washington, DC	129.8	107.5	169.6	127.2	136.5	124.1	112.7
Wilmington, DE	117.8	109.7	127.2	138.1	99.0	116.9	116.6

Source: Intercity Cost of Living Index (268 cities), 1st Quarter 1989,
American Chamber of Commerce Researchers Association.

held down the overall CPI. For those living in Anchorage, the CPI will accurately reflect the change in their cost of living only if their mortgage or rent payments have followed the decline in the housing index. For those who purchased a home several years ago and are locked into a mortgage, their cost of living has risen more in line with the CPI index for all items less housing. (See Table 1.)

Chamber of Commerce's Index — a Shopping List of Goods and Services

The American Chamber of Commerce Researchers Association (ACCRA) produces a quarterly report which compares relative price levels of goods and services for roughly 265 cities in the U.S. For each city in the study, a standardized list of 59 items is priced during a set period of time. The items priced are intended to represent the spending patterns of a typical mid-management level household. After the pricing is finished, items are aggregated by category, and the index numbers are produced. The index's All Cities' Average is always 100 for each reporting period.

The ACCRA index is based on a shopping list of goods and services. Because of the limited sample of items priced, however, differences in the index amounting to less than three (such as

Table 4

American Chamber of Commerce Researchers Association
Intercity Cost of Living Index
1st Quarter 1989

	1 lb. ground beef	1/2 gal. whole milk	1 lb. coffee	House purchase price	Total energy cost	1 gal. gas	Hospital room	Office visit doctor
West								
ANCHORAGE, AK	$1.49	$1.81	$3.36	$117,000	$106.22	$0.97	$406.00	$40.00
FAIRBANKS, AK	1.47	1.83	3.22	102,480	147.24	1.12	305.00	53.00
JUNEAU, AK	1.51	1.74	2.89	112,250	166.08	1.30	380.00	42.80
KETCHIKAN, AK	1.62	1.76	3.48	152,667	167.08	1.30	428.00	59.00
KODIAK, AK	1.76	1.99	3.57	161,023	211.91	1.26	590.00	41.33
Salt Lake City, UT	1.18	1.05	2.64	83,814	94.32	0.86	268.60	32.60
San Diego, CA	1.46	1.05	2.49	183,000	87.52	0.88	374.80	37.23
Seattle, WA	1.47	1.16	3.02	102,370	64.80	0.86	308.40	40.30
Southwest								
Albuquerque, NM	1.20	1.26	2.73	106,658	108.04	0.88	255.94	26.90
Dallas, TX	1.49	1.45	2.23	96,497	117.76	0.87	254.75	32.14
Phoenix, AZ	1.51	1.03	2.58	100,639	101.97	0.81	271.50	34.88
Midwest								
Minneapolis, MN	1.06	1.12	2.86	106,700	111.40	0.90	292.00	26.91
Omaha, NE	1.02	1.10	2.31	86,560	92.21	0.88	199.20	28.40
Saint Louis, MO	1.52	1.41	2.70	96,100	122.19	0.80	230.11	32.00
Southeast								
Augusta, GA	1.56	1.22	2.34	119,705	129.88	0.81	219.60	37.00
Birmingham, AL	1.26	1.35	2.38	90,400	118.39	0.83	215.40	28.60
Louisville, KY	1.41	1.36	2.55	84,020	104.43	0.81	252.20	24.40
Atlantic/New England								
Baltimore, MD	1.41	1.07	2.83	103,200	112.41	0.92	252.20	30.20
Wilmington, DE	1.99	1.08	2.72	272,050	144.42	0.99	390.00	43.50
Philadelphia, PA	1.59	1.15	2.71	213,800	215.46	1.06	250.00	39.00
Washington, DC	1.84	1.06	2.76	119,580	191.85	0.85	397.50	38.40
ALL CITIES MEAN	1.31	1.21	2.65	94,236	110.04	0.90	216.42	26.30

Note: All cities mean is the mean price of all 268 cities in the 1st quarter 1989 survey.

Source: Intercity Cost of Living Index (268 cities), 1st Quarter 1989,
American Chamber of Commerce Researchers Association.

129 vs. 130) are statistically insignificant. Differences in the index amounting to a number greater than three show an actual cost of living difference. Percentage differences measured by the ACCRA index are only a reasonable indication and not a precise measure of the extent of any difference. Although taxes are known to be a part of the actual cost of living, no attempt is made to include state or local taxes in the data.

that the cities of Boston and New York had the highest ACCRA indexes. These two major cities aren't included in the current data.

The Alaska cities included in the ACCRA study have the top ratios for five of the ACCRA index's six major components. (See Table 2.) Kodiak had the highest indexes for groceries and utilities. And Ketchikan was tops for transportation, health care, and miscellaneous.

Index Shows Alaska Housing Costs Aren't High

Housing costs have always been thought of as exceptionally high in Alaska. However, the ACCRA housing index shows that four of the five studied Alaska cities (Kodiak being the exception) don't have high housing costs. In fact, it was in the housing cost index that the Alaska cities were found to have the lowest rankings. On a related note, the Anchorage utilities index was lower than about two-thirds of the cities in the ACCRA study.

Some comparative figures for Alaska cities and other U.S. cities are presented in Tables 3 and 4. Table 3 shows the cost of living indexes, while Table 4 contains actual prices for some of the goods and services in the ACCRA study.

The ACCRA index measures — at one point in time — the difference in cost of living between a specific city and the All Cities' Average.

Unlike the CPI, the ACCRA index doesn't measure change within a city over time; it measures the difference in costs between an individual city and the average of all cities. Since the sample of cities changes over time, results aren't directly comparable for different time periods. However, since the number of cities entering or leaving the survey each quarter is small, the index does provide an intuitive way to see if an individual city's cost of living is becoming increasingly higher or lower than the All Cities' Average.

Anchorage's ACCRA index in the 1st quarter of 1988 was 129.5. Its 1st quarter 1989 index was 118.4. Thus, the cost of living in Anchorage was, as

Table 5

Cost of Selected Items in Various Alaska Communities March 1989

	Cost of food, 1 week	Ratio of food cost to Anchorage average	Ratio of food cost to U.S. average
U.S. average [1]	$94.00	103%	n/a
Anchorage	91.08	n/a	97%
Bethel	144.58	159	154
Cordova	134.09	147	143
Delta	123.68	136	132
Dillingham	150.40	165	160
Fairbanks	94.84	104	101
Galena	156.19	171	166
Gambell	165.75	182	176
Haines	118.10	130	126
Homer	115.28	127	123
Juneau	94.49	104	101
Kenai	106.15	117	113
Klawock	133.84	147	142
Ketchikan	93.43	103	99
Kodiak	116.65	128	124
Mat-Su	95.17	104	101
McGrath	144.53	159	154
Nome	152.54	167	162
Petersburg	120.63	132	128
Sitka	105.44	116	112
Teller	158.41	174	169
Tok	122.02	134	130
Wrangell	106.75	117	114

Notes: Costs are for a family of four with elementary school children.

All sales taxes are included in food and utility costs.

[1] Items in U.S. survey are not directly comparable to those in Alaska survey.

Source: "Cost of Food at Home for a Week," March 1989, University of Alaska Cooperative Extension Service, U.S. Dept. of Agriculture and SEA Grant Cooperating.

Five Alaska Cities in Chamber's Data

Five Alaska cities are presently included in the quarterly ACCRA data — Anchorage, Fairbanks, Juneau, Ketchikan and Kodiak. According to the latest available numbers (1st Quarter 1989), four of these five Alaska cities are among the study's 10 highest cost areas. (See Table 2.) Anchorage, the Alaska city with the lowest ACCRA index, had a cost of living roughly 18% higher than the All Cities' Average. Only one area in the ACCRA study — Nassau-Suffolk, N.Y. — had an ACCRA index higher than all five Alaska cities. One year ago the ACCRA study showed

Table 6

Cost of Food at Home for a Week
1978-1989

	Anchorage	Fairbanks	Percentage of Anchorage average	Juneau	Percentage of Anchorage average	Bethel	Percentage of Anchorage average
Sept., 1978	$76.67	$84.15	109.8%	$73.72	96.2%	$114.05	148.8%
Dec., 1979	85.80	91.92	107.1	77.55	90.4	120.44	140.4
Sept., 1980	88.44	90.54	102.4	85.92	97.2	130.87	148.0
Sept., 1981	86.69	98.47	113.6	93.95	108.4	138.66	159.9
Sept., 1982	77.30	92.09	119.1	99.98	129.3	125.50	162.4
Sept., 1983	81.66	83.79	102.6	88.62	108.5	128.30	157.1
Sept., 1984	84.22	91.26	108.4	91.66	108.8	136.54	162.1
Sept., 1985	89.06	90.08	101.1	106.61	119.7	138.13	155.1
Sept., 1986	87.25	90.61	103.9	87.65	100.5	137.96	158.1
Sept., 1987	88.90	85.12	95.7	88.2	99.3	140.81	158.4
Sept., 1988	90.99	94.74	104.1	92.95	102.2	137.57	151.2
June 1989	95.95	96.74	100.8	97.58	101.7	142.89	148.9

Notes: Costs are for a family of four with elementary school children.

All sales taxes are included in food prices.

1/ Data unavailable

of 1st quarter 1989, 11% closer to the All Cities' Average than the prior year. We cannot infer from this that Anchorage costs have declined. Instead, the All Cities' Average may have increased, or both the Anchorage and the all cities' costs may have risen by different amounts. The ACCRA index only allows us to state that the difference is less. Over the last year the indexes for both Fairbanks and Juneau haven't changed significantly.

The ACCRA index methodology is a forward pricing scheme. It's designed to jibe with spending patterns found in major American urban centers. The data collected in more atypical areas is an attempt to match the items found in the larger 'average' areas. This process tends to ignore typical living costs actually found in the more atypical areas. The items priced in the ACCRA study are those which are most likely to be found in the greatest number of areas studied. For example, the transportation costs in the ACCRA study include items such as bus fare, price of a gallon of gasoline, and automobile wheel balancing. For many areas in Alaska, such as Juneau, Ketchikan, and Kodiak, a typical living cost may include expensive transportation; in these communities air travel is needed just to leave home. Air fare, which may be a luxury or just one of many options for travel elsewhere in the U.S., is an essential service in most of Alaska. By this example it's seen that the ACCRA index at times understates the true cost differences between some of Alaska's cities and the All Cities' Average.

UA Measures the Cost of Food Bought for Alaska Homes

Comparing the cost of living between communities in Alaska is made difficult by several factors. Many goods and services available in larger cities aren't readily available in some rural areas. The buying habits of urban residents and people of rural communities are different. This means that there are different 'typical' consumer patterns in urban and rural areas, which, in

Cost of Food at Home for a Week 1978-1989

Nome	Percentage of Anchorage average	Kodiak	Percentage of Anchorage average	Kenai	Percentage of Anchorage average	Tok	Percentage of Anchorage average
$118.85	155.0%	1/	1/	$82.48	107.6%	1/	1/
124.62	145.2	1/	1/	100.41	117.0	1/	1/
131.14	148.3	$99.42	112.4%	120.84	136.6	$108.82	123.0%
150.27	173.3	1/	1/	1/	1/	114.80	132.4
149.04	192.8	1/	1/	1/	1/	1/	1/
130.14	159.4	104.94	128.5	86.98	106.5	1/	1/
142.07	168.7	115.97	137.7	87.97	104.5	121.66	144.5
152.41	171.1	108.17	121.5	91.47	102.7	116.19	130.5
142.04	162.8	105.49	120.9	92.78	106.3	124.18	142.3
147.96	166.4	104.39	117.4	96.95	109.1	117.51	132.2
147.69	162.3	116.68	128.2	95.53	105.0	119.69	131.5
155.01	161.6	124.47	129.7	103.12	107.5	134.35	140.0

Source: "Cost of Food at Home for a Week," Sept. 1978 to Mar. 1989,
University of Alaska Cooperative Extension Service,
U.S. Dept. of Agriculture and SEA Grant Cooperating

turn, complicates attempts at making cost of living comparisons. Also making Alaska cost of living comparisons more difficult are the effects of subsistence activities by some households.

The University of Alaska, in cooperation with the U.S. Department of Agriculture, publishes a quarterly report of food prices to measure how much it costs to feed various-sized families in different locations in Alaska. The report also contains comparative information on some utility and fuel costs. The 'Cost of Food at Home survey' is not a comprehensive measure of the cost of living for Alaska communities. However, it does provide some comparative yardstick for locations not covered by any other cost of living measure.

Table 5 shows the cost of food for a week for a family of four, plus other select costs, for 23 Alaska communities. In Anchorage, the state's largest metropolitan area, the study reports four percent lower costs than the national average. This is misleading because the market basket of food is different in the national study than in Alaska. The Alaska market basket substitutes the less perishable and more widely available canned foods for the more expensive fresh foods used in the lower 49 states.

Anchorage Food Costs Lowest; Highest Costs in Isolated Towns

The food cost study can be put to best use by comparing various communities' food costs within Alaska. The March 1989 figures showed Anchorage having the lowest costs of all the areas surveyed. Food costs in Alaska's other larger cities are fairly comparable to those of Anchorage.

Prior examinations of the food cost data have shown that the most expensive cities are the smaller and more isolated communities. This continues to be true. In places such as Bethel, Kotzebue, and McGrath, the costs are 50% to 70% higher than in Anchorage.

Table 6 is a time series of costs for the last 12 years. This table shows the difference in the cost of food between Anchorage and other Alaska communities. It also shows the changes in costs over time within each of the communities.

The ACCRA index numbers indicate a greater difference in food costs between Alaska and the U.S. than does the Cost of Food at Home for a Week study. This may be due partly to the limited number of items priced in the ACCRA survey. It's certainly due in part to aforementioned differences in the food cost market basket. There are also differences in the groups the two surveys are measuring. The ACCRA survey is designed to measure the budget of a mid-management executive, whereas the food cost study is designed to show the minimum cost of providing a sound diet for families of different sizes.

Table 7

Runzheimer Report – Living Cost Standards
June 1988 Results
(assuming recent home purchase)

	Total living costs	Pct. of standard city	Trans-portation	Pct. of standard city	Housing	Pct. of standard city	Goods & services	Pct. of standard city	Misc. (includes savings)	Pct. of standard city
New York, NY	$41,699	130%	$6,782	179%	$17,259	157%	$9,577	103%	$2,519	120%
ANCHORAGE, AK	37,404	117	4,507	119	15,771	143	10,696	115	1,926	91
Washington, D.C.	37,050	116	4,417	117	15,461	141	9,680	104	2,145	102
San Diego, CA	36,558	114	4,670	123	15,284	139	9,137	99	2,222	106
FAIRBANKS, AK	35,842	112	4,436	117	13,685	124	10,863	117	1,926	91
Boston, MA	35,262	110	4,716	125	13,074	119	9,321	101	2,005	95
JUNEAU, AK	35,240	110	4,288	113	12,883	117	11,022	119	2,076	99
STANDARD CITY, U.S.A.	32,000	—	3,782	—	10,992	—	9,272	—	2,105	—
Seattle, WA	31,746	99	4,334	115	10,460	95	9,464	102	2,390	114
Houston, TX	31,322	98	4,468	118	10,061	92	9,406	101	2,145	102
Mobile, AL	29,435	92	3,571	94	8,407	76	8,784	95	2,476	118

Source: Runzheimer International, Living Cost Division.

1988 Runzheimer Study Conducted for Alaska Department of Labor

Runzheimer International studied the cost of living in 272 areas of the country during June 1988 for the Alaska Department of Labor. Like most of the other surveys discussed in this article, Runzheimer's was conducted with a forward pricing scheme. A 'typical' family was created; they lived in an 'average' city on an income of $32,000 per year.

This $32,000 income, a figure which determined their standard of living, constitutes the main difference between this study and all others in this article. The Runzheimer study takes into account the amount of income necessary to maintain this standard of living in all other cities in the survey and doesn't directly address the differences in the costs of various items. (See Table 7.) The Runzheimer study also takes into account income and property taxes, elements not accounted for in other surveys.

Three scenarios were calculated to compare the levels of income needed to maintain this standard of living in different cities in the lower '49, and in Anchorage, Fairbanks and Juneau. The main difference in the three scenarios was the time of home purchase - - whether the owner had just purchased a home or instead had purchased it one or three years earlier. Like the CPI, the income levels needed to maintain the base lifestyle in Alaska were greatly influenced by this housing component. Those who had just purchased a home needed a significantly lower income than those with an older mortgage since home prices have fallen so much in recent years. The information in Table 7 assumed a recent home purchase, causing a reduction in the amount of income required to maintain the base standard of living in Alaska in comparison with most other areas of the country.

Alaska School District Study Uses Reverse Pricing Scheme

The Alaska Legislative Budget and Audit Committee, while analyzing the distribution of funds to school districts, commissioned a study to quantify the costs of providing educational services in all areas of Alaska. Results of the study were based on a 1985 survey of 2,500 households taken in 91 communities, and 2,100 retail outlets in 54 communities. Two separate cost differentials were determined: the differing costs sustained by personnel

Table 8

Alaska School Districts Household Price Differentials
1985

	Housing	Food	Transportation	Clothing	Recreation & entertainment	Medical	Miscellaneous	Total personnel differential
Southern Southeast								
Annette Island	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Craig	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Klawock	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Hydaburg	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Southeast Island	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Urban Southeast								
Ketchikan	0.95	1.09	0.83	1.23	1.26	1.15	1.09	1.02
Wrangell	0.65	1.04	1.04	1.15	1.06	1.09	0.98	1.00
Petersburg	0.76	1.15	0.94	1.12	1.05	1.09	1.12	1.00
Sitka	0.85	1.18	0.94	1.10	0.97	1.04	1.17	1.02
Juneau	1.01	1.07	0.93	1.14	1.03	1.03	1.13	1.03
Central & Northern Southeast								
Kake	0.84	1.26	0.82	1.10	1.08	1.01	1.25	1.05
Chatham	0.69	1.25	1.00	1.10	1.09	1.04	1.19	1.07
Hoonah	0.53	1.25	0.90	1.10	1.20	0.90	1.22	1.03
Pelican	1.03	1/	1/	1/	1/	1/	1/	1/
Other Southeast								
Haines	0.69	1.21	1.02	1.10	1.40	1.03	1.11	1.02
Skagway	0.83	1.19	0.99	1.07	1.40	1.03	0.98	1.03
Yakutat	0.96	1.58	1.06	0.95	1.33	0.90	1.29	1.21
Prince William Sound								
Cordova	0.90	1.29	1.12	1.41	1.37	1.12	1.29	1.18
Chugach	1/	1/	1/	1/	1/	1/	1/	1.13
Valdez	0.87	1.23	1.11	1.10	1.17	1.06	1.08	1.06
Copper River	1.05	1.27	1.10	0.96	1.18	1.00	1.22	1.13
Anchorage Urban Influence Area								
Anchorage (Base District)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Matanuska-Susitna	0.78	1.00	1.04	1.14	1.00	0.99	0.96	1.00
Kenai Peninsula	0.76	1.12	1.09	1.14	1.09	0.87	1.17	1.01
Kodiak	0.81	1.18	1.22	1.12	1.07	0.97	1.21	1.06
Alaska Peninsula & Aleutians								
Adak	1/	1/	1/	1/	1/	1/	1/	1.32
Pribilofs	1.23	1.37	1.49	1.04	1.06	0.97	1.39	1.32
Aleutian East	1/	1/	1/	1/	1/	1/	1/	1.32
Unalaska	1.23	1.37	1.49	1.04	1.06	0.97	1.36	1.30
Dillingham	1.12	1.42	1.40	1.11	1.18	1.07	1.61	1.30
Bristol Bay	1.02	1.68	1.40	1.11	1.18	1.07	1.67	1.35
Lake & Peninsula	1/	1/	1/	1/	1/	1/	1/	1.35
Southwest	1/	1/	1/	1/	1/	1/	1/	1.35
Yukon & Kuskokwim Delta								
Lower Kuskokwim	1.41	1.47	1.41	1.18	1.27	1.07	1.39	1.39
Yupiit	1/	1/	1/	1/	1/	1/	1/	1.39
Kashunamiut	1/	1/	1/	1/	1/	1/	1/	1.39
Lower Yukon	1.11	1.65	1.55	0.97	1.03	1.17	1.57	1.38
St. Mary's	1.11	1.65	1.55	0.97	1.03	1.17	1.57	1.38
Interior Region								
Kuspuk	1.05	1.61	1.44	1.10	1.16	1.01	1.47	1.37
Iditarod	1.05	1.50	1.44	1.16	1.08	1.01	1.23	1.32
Galena	1.05	1.49	1.42	1.22	1.08	1.01	1.41	1.32
Yukon-Koyukuk	1.05	1.58	1.62	1.22	1.08	1.01	1.36	1.39
Yukon Flats	1.05	1.62	1.36	1.23	1.43	0.94	1.54	1.39
Tanana	1.02	1.59	1.55	0.93	1.08	1.01	1.32	1.32
Interior Road System								
Alaska Gateway	1/	1/	1/	1/	1/	1/	1/	1.10
Delta/Greely	0.92	1.10	1.22	1.22	1.18	1.14	1.21	1.10
Nenana	0.89	1.33	1.28	0.97	1.18	1.08	1.12	1.14
Railbelt	1/	1/	1/	1/	1/	1/	1/	1.14
Fairbanks	0.92	1.02	1.16	1.22	1.08	0.94	1.06	1.03
Arctic								
North Slope	1.39	1.71	1.59	1.12	1.54	1.18	1.63	1.53
Northwest Arctic	1.34	1.59	1.45	0.99	1.19	1.08	1.44	1.41
Nome	1.36	1.60	1.28	1.00	1.06	1.17	1.54	1.41
Bering Straits	1.13	1.64	1.41	0.96	1.12	1.17	1.31	1.34

1/ Data not available

Source: Alaska School District Profiles and Differential Study, Legislative Budget & Audit Committee, Alaska State Legislature.

Summary of Cost of Living Indexes

Survey	Consumer Price Index (CPI).
Type	Temporal, forward pricing.
Population	All urban consumers (CPI-U) or urban wage earners and clerical workers (CPI-W).
Strength	Measures costs in one location over time; the only available inflation measure.
Weakness	Can only compare the change in the cost-of-living for different locations; only available for Anchorage.

Survey	ACCRA Cost of Living Index.
Type	Spatial, forward pricing.
Population	Mid-management level family.
Strength	Compares many locations to a national average.
Weakness	No tracking of changes over time; lacks consistency in price collection.

Survey	Cost of Food at Home Study.
Type	Spatial, forward pricing.
Population	Lower income individuals or families.
Strength	Compares minimum food costs for smaller Alaskan communities excluded from other studies.
Weakness	No good comparison to national data; only looks at food costs, not entire cost of living.

Survey	Runzheimer's Living Costs Index.
Type	Spatial, forward pricing.
Population	Family with $32,000 in income, living in average cost city.
Strength	Considers income needed to maintain a specific standard of living in different cities; includes taxes.
Weakness	Doesn't directly address differences in prices.

Survey	Alaska School District Profiles & Differential Study.
Type	Spatial, reverse pricing.
Population	'Average' consumer in each school district.
Strength	Considers consumption pattern in each area studied; good single site comparison to Anchorage.
Weakness	A one-time study using 1985 data.

working for the districts, and the costs of maintaining the facilities. For the purposes of this article, only the living costs of school employees will be addressed.

This study is the only one to use the reverse pricing scheme. Consumption patterns were determined for each community, and a unique market basket was prepared. Each market basket was then priced in Anchorage, which served as the base for comparison. (Reverse pricing maintains the standard of living of the study area instead of imposing the base community's standard of living upon it.)

Table 8 shows the ratio of a commodity group's costs in various geographic areas as they relate to the same items' costs in Anchorage in 1985. Anchorage had the lowest costs in the state for most commodities. It's noteworthy that housing was one of the few commodities less expensive outside of Anchorage.

Because the reverse pricing scheme was used, each commodity group has a different 'weight' when the overall cost of living differential is computed. For example, the survey found that 34% of expenditures in Anchorage went for items in the housing group, whereas Wrangell residents, for example, spent only 23% of their income on housing. Since Wrangell housing costs were only 65% as much as comparable housing in Anchorage, and a smaller overall share of Wrangell residents' total expenditures went to housing, costs for housing comprised a much smaller portion of the Wrangell budget than the Anchorage budget.

Summary

Determining the cost of living in an area and how it differs among distinct geographic areas and over time is not as straightforward as one would wish. Although there are no perfect cost of living indices, several different studies do exist. If spatial indices (place-to-place comparisons) are needed, several different studies can assist in answering the cost of living question. For temporal studies (those looking at changes over time), the CPI is the only available index.

One of the first steps in using a cost of living study is in determining its strengths and weaknesses.

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Alaska's July Unemployment Rate Fell To A Record Low

By Neal Fried

The Alaska statewide unemployment rate has seldom drawn the attention it has been getting recently. Traditionally, there seems to have been indifference toward the rate because it often gives mixed signals. But during the past six months the message has been clear: the number of Alaskans out of work has fallen to new lows.

Complaints about worker shortages keep growing. And July's 6.1% unemployment rate represents the lowest July jobless rate in more than a decade. In fact, one has to reach back to 1976, a peak year for oil pipeline construction, to find a lower unemployment rate. Alaska's July unemployment rate wasn't that much higher than the nation's low rate that month, 5.3%. (See Figure 1.)

Anchorage's July unemployment rate of 4.9% marks the first time in 14 years that it had fallen below 5.0%. Meanwhile, though, six other areas of the state posted even lower unemployment rates. (See Table 5.) Bristol Bay's July unemployment rate dropped to an astonishing 1.2%.

Unemployment Rates Will Climb Quickly in the Fall, Though

Behind the backdrop of these exceptionally low unemployment rates looms the demobilization of the oil spill cleanup work force. The phase-out began in August and continued through September. Unemployment rates, when calculated for the Gulf Coast Region, will surely feel the brunt of this increase. (See Table 5.) Rates for some areas will likely zoom into double digits. There are many unknowns in the demobilization scenario.

Some of these laid-off workers will find jobs elsewhere in Alaska. (See Table 1.) Others will leave the state. Some will return to college. The rest will either leave the labor force or join the unemployed ranks. While the likelihood of record high statewide unemployment rates is remote, the record low unemployment rates will surely vanish.

Table 1

VECO Oil Spill Cleanup Workers By Residence

	No. of workers
Anchorage	1,271
Kodiak Island Borough	718
Valdez-Cordova Census Area	484
Fairbanks North Star Borough	294
Matanuska-Susitna Borough	185
Balance of the state	795
Out of state	343
TOTAL	4,090

Notes: These figures exclude Norcon, Inc. employees and VECO subcontractors. The figures are current as of August 13, 1989.

Source: VECO, Inc.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	Changes from: 7/88
Nonag. Wage & Salary	237,800	232,000	227,900	5,800	9,900
Mining	10,900	10,800	10,100	100	800
Construction	11,000	10,000	10,600	1,000	400
Manufacturing	22,100	18,100	24,400	4,000	-2,300
Seafood Processing	14,400	10,500	16,700	3,900	-2,300
Lumber & Paper Products	4,100	4,100	4,100	0	0
All Other Manufacturing	3,600	3,500	3,600	100	0
Trans., Comm. & Utilities	25,500	24,200	18,200	1,300	7,300
Trucking & Warehousing	2,400	2,400	2,300	0	100
Water Transportation	7,800	6,600	1,200	1,200	6,600
Air Transportation	6,200	6,100	5,800	100	400
Communications	3,300	3,200	3,300	100	0
All Other Transportation	5,800	5,900	5,600	-100	200
Trade	45,900	45,500	44,600	400	1,300
Wholesale	8,300	8,200	8,000	100	300
Retail	37,600	37,300	36,600	300	1,000
Gen. Merch. & Apparel	5,500	5,400	5,200	100	300
Food Stores	6,600	6,500	6,200	100	400
Eating & Drinking Places	14,200	14,200	13,900	0	300
All Other Retail	11,300	11,200	11,300	100	0
Finance, Ins. & Real Estate	10,700	10,600	10,800	100	-100
Services	46,500	45,900	45,600	600	900
Hotels & Other Lodging	6,300	5,800	6,000	500	300
Government	65,200	66,900	63,600	-1,700	1,600
Federal	18,600	18,500	18,500	100	100
State	19,900	19,800	18,500	100	1,400
Local	26,700	28,600	26,600	-1,900	100

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

July's Economy Is Firing on All Cylinders

Tourism, fishing, construction, and mining, along with the oil cleanup work, reached peak employment levels in July. Total wage and salary employment in July stood at 237,800. (See Table 2.) This represents 4.3% growth over 1988 levels, a vast improvement over zero growth during 1988.

The recession is clearly behind us, and 1989 represents a strong year of recovery. However, full recovery remains a number of years off.

Large Fish Harvest Despite Spill

Although more than a dozen salmon fisheries were shut down because of oiled waters, Alaska's 1989 fish harvest (through July) exceeded the 1988 harvest (through July) by 20 million fish. From a harvest perspective, the 1989 season is being characterized as excellent.

The Bristol Bay harvest was exceptional. Twenty-eight million fish were harvested in the bay, compared to 15.5 million last year. The Southeast harvest is coming in above all expectations -- 17.4 million fish compared to 3.5 million in 1988. Even Prince William Sound's catch was double that of last year (although a catch far greater was predicted). It was hatchery reared fish that made it possible for the Prince William Sound catch to post an improvement over last year.

Cook Inlet's story was mixed. The drift net fleet in Upper Cook Inlet that normally harvests 60% of the fish in the area caught zero percent this year because of oiled waters. But their loss was offset by beach set netters who registered a record year. Lower Cook Inlet's Kamishak district, which typically produces a quarter of the area's catch, has been closed most of the season, putting a real crimp on the area's harvest.

There were no winners in Kodiak's salmon fishery. Only one small set net fishery was opened in Kodiak waters.

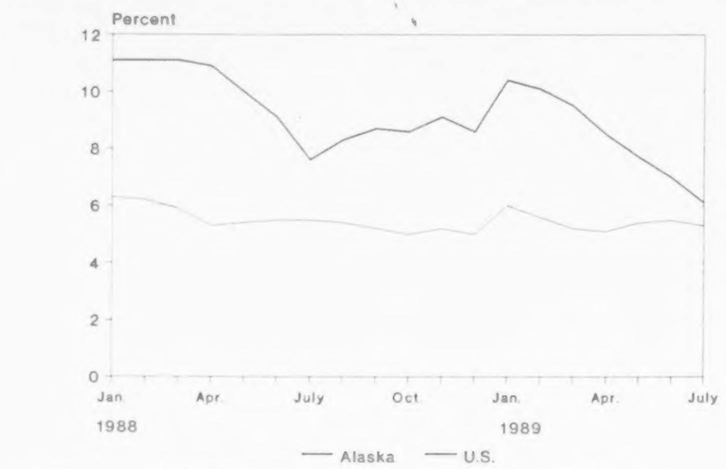
As of July, Kodiak's predicted harvest of 14 million fish had only reached one million.

Fish prices declined sharply this season. In most cases, prices have been only half or a third as high as last year's record prices. However, the total revenue from the harvest should not fall drastically from last year's levels because of the rise in the volume of the harvest.

Although the harvest was considerably higher this year, fish processing employment was down 14% in July. It was down because processors simply couldn't find enough workers. The processors could have used at least another 2,500 workers. Because of this shortage, some of the processors put limits on catches and asked the state Department of Fish & Game to delay openings.

Figure 1

Unemployment Rates – Alaska & U.S.



Source: Alaska Department of Labor, Research & Analysis Section.

Tourism Season Was Decent

Prior to the oil spill all the ingredients for a strong tourism season were in place: advanced bookings were up; the national economy was strong; and the dollar was weak, keeping domestic tourists closer to home and providing an incentive for foreign visitors to come to Alaska. Additional tourism facilities were also making it possible to attract new visitors. After the spill, a period of uncertainty and panic set in. It was impossible to gauge the damage the spill might have on the industry. It became a waiting game.

By the end of July, halfway through the season, it appeared this year's season was shaping up better than expected. Hotel employment was up 5% statewide.

Southcentral Alaska seemed to have the largest boost in tourism. Hotels were booked solid in Anchorage during June and July. The Anchorage bed tax collected for the second quarter of 1989 was up 17% above year-ago levels. More cruise ship passengers were routed through Southcentral, and some observers believe the number of independent travelers was also up. The general improvement in the business climate also helped keep the hotels full and many of the tourism related activities busy.

Earlier in the year, the Southeast Alaska tourism industry had two worries. Adding to the projected negative effects of the oil spill was the fact that fewer cruise ships were scheduled to call at Southeast ports. However, the fewer ships that arrived were almost at full capacity and were larger in size than in prior years, and hotel stays in most Southeast communities were reported to be up.

Interior Alaska's tourism season was mixed. Fairbanks reported another solid season. Hotels were full and most other indicators were up. Business along the Alaska Highway, however, appeared to have weakened, and the number of hotel stays were reported down. This may have happened because a growing number of cruise ship passengers came across the Gulf of Alaska. This means that fewer road passengers travelled through Tok, Beaver Creek and other communities along the highway.

The oil spill certainly didn't leave the industry untouched. There were numerous cases of tour operators contending with a much weaker season than last year, particularly in Prince William Sound. Reports coming out of

Table 3

Nonagricultural Wage and Salary Employment
By Place of Work

Anchorage Borough

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	 7/88
Nonag. Wage & Salary	105,450	104,250	103,550	1,200	1,900
Mining	3,750	3,650	3,500	100	250
Construction	5,000	4,450	5,100	550	-100
Manufacturing	3,350	3,450	3,300	-100	50
Trans, Comm. & Utilities	10,250	10,050	9,600	200	650
Trucking & Warehousing	1,550	1,500	1,400	50	150
Water Transportation	550	550	350	0	200
Air Transportation	3,700	3,600	3,600	100	100
Communications	1,850	1,800	1,800	50	50
All Other Transportation	2,600	2,600	2,450	0	150
Trade	25,600	25,400	24,700	200	900
Wholesale	6,000	5,900	5,800	100	200
Retail	19,600	19,500	18,900	100	700
Gen. Merch. & Apparel	2,600	2,550	2,650	50	-50
Food Stores	3,150	3,200	2,650	-50	500
Eating & Drinking Places	7,850	7,850	7,750	0	100
All Other Retail	6,000	5,900	5,850	100	150
Finance, Ins. & Real Estate	6,900	6,900	7,150	0	-250
Services	25,650	25,450	25,200	200	450
Government	24,950	24,900	25,000	50	-50
Federal	10,200	10,150	10,450	50	-250
State	6,700	6,800	6,400	-100	300
Local	8,050	7,950	8,150	100	-100

Fairbanks North Star Borough

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	 7/88
Nonag. Wage & Salary	27,350	27,050	26,650	300	700
Mining	200	200	200	0	0
Construction	2,000	1,850	2,050	150	-50
Manufacturing	650	650	700	0	-50
Trans, Comm. & Utilities	2,150	2,150	2,000	0	150
Trucking & Warehousing	450	450	400	0	50
Air Transportation	350	350	300	0	50
All Other Transportation	1,350	1,350	1,300	0	50
Trade	6,450	6,400	6,250	50	200
Wholesale	800	750	750	50	50
Retail	5,650	5,650	5,500	0	150
Food Stores	800	800	800	0	0
All Other Retail	4,850	4,850	4,700	0	150
Finance, Ins. & Real Estate	800	800	800	0	0
Services	6,150	5,950	6,150	200	0
Government	8,950	9,050	8,500	-100	450
Federal	2,900	2,900	2,800	0	100
State	3,700	3,700	3,400	0	300
Local	2,350	2,450	2,300	-100	50

Anchorage-MatSu Region

	p/ 7/89	r/ 6/89	7/88	Changes from: [illegible]	 7/88
Nonag. Wage & Salary	111,750	110,950		[illegible]	1,850
Mining	3,750	3,700		50	250
Construction	5,200	4,700	5,300	500	[illegible]
Manufacturing	3,450	3,550	3,450	-100	
Trans, Comm. & Utilities	10,800	10,650	10,150	150	
Trade	27,050	26,900	26,400	150	
Finance, Ins. & Real Estate	7,350	7,350	7,550	[illegible]	
Services	26,950	26,600	26,500	[illegible]	
Government	27,200	27,500	27,050	-300	[illegible]

Interior Region

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	 7/88
Nonag. Wage & Salary	31,750	31,250	30,850	500	900
Mining	350	350	350	0	0
Construction	2,100	1,950	2,100	150	0
[illegible]turing	700	650	700	50	0
mm. & Utilities	2,600	2,600	2,550	0	50
	6,900	6,900	6,750	0	150
, Ins. & Real Estate	900	850	900	50	0
[illegible]	6,850	6,600	6,850	250	0
ment	11,350	11,350	10,650	0	700

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

(cont. on page 25)

Table 3

(cont. from page 24)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/	r/		Changes from:	
	7/89	6/89	7/88	6/89	7/88
Nonag. Wage & Salary	34,700	33,800	33,750	900	950
Mining	300	300	200	0	100
Construction	1,350	1,300	1,200	50	150
Manufacturing	6,600	5,700	7,000	900	-400
Seafood Processing	2,500	1,650	2,750	850	-250
Lumber & Paper Products	3,850	3,800	3,950	50	-100
All Other Manufacturing	250	250	300	0	-50
Trans, Comm. & Utilities	2,650	2,600	2,550	50	100
Trade	5,600	5,400	5,250	200	350
Wholesale	550	500	450	50	100
Retail	5,050	4,900	4,800	150	250
Finance, Ins. & Real Estate	1,050	1,050	1,050	0	0
Services	5,550	5,600	5,250	-50	300
Government	11,600	11,850	11,250	-250	350
Federal	2,200	2,150	2,100	50	100
State	5,350	5,450	5,100	-100	250
Local	4,050	4,250	4,050	-200	0

Southwest Region

	p/	r/		Changes from:	
	7/89	6/89	7/88	6/89	7/88
Nonag. Wage & Salary	16,500	14,800	16,050	1,700	450
Seafood Processing	5,950	4,100	5,750	1,850	200
All Other Private	5,000	4,850	4,900	150	100
Government	5,550	5,850	5,400	-300	150
Federal	1,350	1,350	1,350	0	0
State	550	550	550	0	0
Local	3,650	3,950	3,500	-300	150

Gulf Coast Region

	p/	r/		Changes from:	
	7/89	6/89	7/88	6/89	7/88
Nonag. Wage & Salary	29,900	27,300	24,700	2,600	5,200
Mining	850	850	850	0	0
Construction	1,050	1,000	950	50	100
Manufacturing	5,250	3,900	7,450	1,350	-2,200
Seafood Processing	4,550	3,200	6,800	1,350	-2,250
All Other Manufacturing	700	700	650	0	50
Trans, Comm. & Utilities	7,800	6,650	1,600	1,150	6,200
Trade	4,400	4,250	4,250	150	150
Wholesale	700	700	700	0	0
Retail	3,700	3,550	3,550	150	150
Finance, Ins. & Real Estate	550	550	550	0	0
Services	4,300	4,200	3,850	100	450
Government	5,700	5,900	5,200	-200	500
Federal	650	600	600	50	50
State	1,950	1,850	1,600	100	350
Local	3,100	3,450	3,000	-350	100

Northern Region

	p/	r/		Changes from:	
	7/89	6/89	7/88	6/89	7/88
Nonag. Wage & Salary	14,200	14,300	13,500	-100	700
Mining	5,550	5,600	5,200	-50	350
All Other Private	4,600	4,300	4,200	300	400
Government	4,050	4,400	4,100	-350	-50
Federal	400	400	400	0	0
State	300	350	300	-50	0
Local	3,350	3,650	3,400	-300	-50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table 4

Alaska Hours and Earnings for Selected Industries [1]/[2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88
Mining	$1,079.45	$1,032.43	$1,192.08	49.2	47.1	50.9	$21.9	$21.92	$23.42
Construction	1,239.03	1,125.41	1,056.18	48.8	45.6	43.5	25.39	24.68	24.28
Manufacturing	514.76	483.23	474.95	46.5	38.2	45.8	11.07	12.65	10.37
Seafood Processing	441.34	330.94	392.85	49.7	35.7	48.5	8.88	9.27	8.10
Lumber & Paper Prod.	610.18	735.48	609.87	38.4	45.4	37.6	15.89	16.20	16.22
Trans., Comm. & Utilities	801.00	606.62	626.73	44.5	38.2	39.0	18.00	15.88	16.07
Trade	414.71	403.35	395.20	36.7	35.6	35.7	11.30	11.33	11.07
Wholesale	554.58	543.91	570.35	39.0	39.3	41.3	14.22	13.84	13.81
Retail.	366.54	356.04	333.29	35.9	34.4	33.7	10.21	10.35	9.89
Finance, Ins. & R.E	409.2	419.63	414.64	38.0	37.4	35.5	10.77	11.22	11.68

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

[1]/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

[2]/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Valdez tell that tourism related business appeared to be off by 20-35%. Lodge, charter and tour operators as far away as Sitka and Ketchikan maintain that the spill caused a rash of cancellations and hurt their seasons.

And the spill created other, possibly more long term problems for the industry. For example, Homer charter and tour operators were unable to satisfy the demand for their services this season because so many of their boats and skippers were working the spill. Many visitors were turned away. There is concern this could have long term negative consequences.

Spill Work Force Peaked In July

It's impossible to ignore the effect the oil spill had on employment. July will probably go down as the peak employment month for the cleanup effort. Water transportation employment grew another 19% in July, reaching the 7,821 level. Approximately 80% of this employment was directly related to the spill. Although employment in the state would have forged ahead without the oil spill in 1989, almost half of July's estimated employment growth can be attributed directly to the spill.

Gulf Coast's July employment (where more than 90% of the oil spill employment is located), was running 22% ahead of last year's levels despite a decline in fish processing employment. (See Table 3.) Most of this can be credited to the cleanup effort. The downside is that this employment will slide swiftly as demobilization takes place.

Construction Adds 1000 Jobs in July

The 1989 construction season is slowly pushing ahead. A minor milestone was reached in June when for the first time in four years construction employment actually posted an over-the-year gain. This trend was repeated in July, although the gain was small -- 4%. Overall, the total employment level in this industry remains below 1974 levels.

Southeast No Longer The Only Player in the Timber Industry

Timber employment was barely holding its own in July. The Southeast -- where almost 95% of timber employment is presently concentrated -- seems to have run out of steam. Timber harvest employment in the Southeast has peaked after three strong years of growth.

If it was not for a host of new developments taking place elsewhere in the state, timber employment statewide would have declined in July. But an estimated 100 million board feet of timber will be harvested in the Southcentral Region in 1989, largely from private native corporation lands. This compares to 5-10 million board feet five years ago. Most of this timber is being exported in the round, but some of it is destined for the new Chugach Alaska Corporation sawmill. This Seward mill will begin processing timber in the fall.

Summary

Alaska's employment picture improved markedly again in July. Unemployment rates fell to new lows. And a growing number of employers complained about a lack of workers.

The fishing and tourism seasons progressed nicely despite the spill. The fish harvest this year was twice as large as that of 1988. Prices fell hard, but the larger harvest may offset these losses. Most tourism industry indicators looked good, although weak spots existed.

If one could speculate about what would have happened to fishing and tourism if both had operated in a spill-free environment, it appears they still would have had banner years.

All said, Alaska's 1989 economy has shown itself to be a big improvement over the prior three years. And not all of the improvement is oil spill related.

Table 5

Labor Force By Region and Census Area

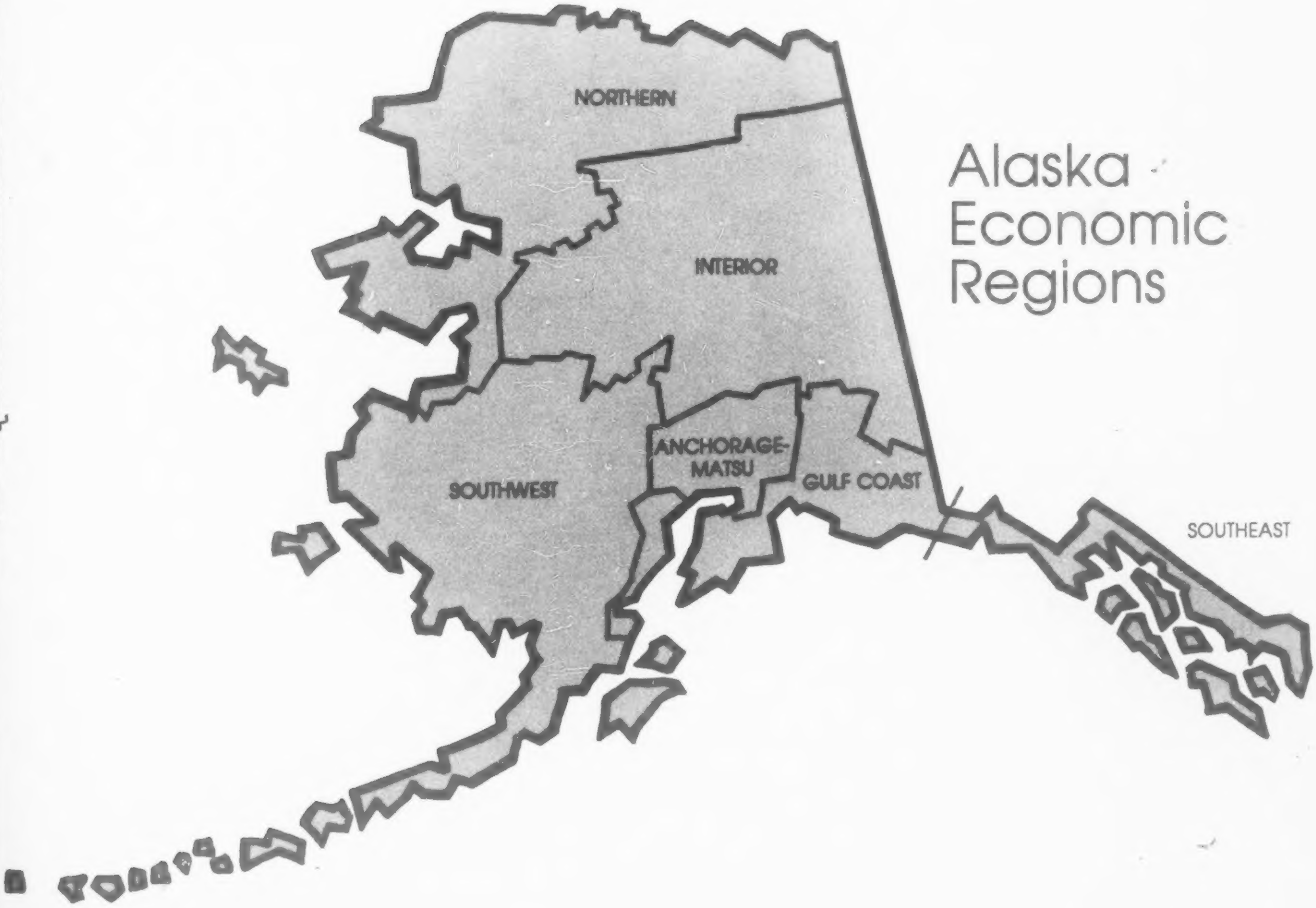
	Labor Force			Unemployment			Rate			Employment		
	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88
Alaska Statewide	250,740	246,402	246,943	15,332	17,303	18,865	6.1	7.0	7.6	235,408	229,099	228,078
Anch.-MatSu Region	122,143	121,868	124,024	6,945	7,807	9,223	5.7	6.4	7.4	115,198	114,061	114,801
Anchorage Borough	108,751	108,390	110,005	5,281	6,088	7,013	4.9	5.6	6.4	103,470	102,302	102,992
MatSu Borough	13,392	13,478	14,019	1,664	1,719	2,210	12.4	12.8	15.8	11,728	11,759	11,809
Gulf Coast Region	35,291	32,760	30,259	1,709	2,053	2,207	4.8	6.3	7.3	33,582	30,707	28,052
Kenai Peninsula Borough	21,946	20,470	18,985	1,302	1,593	1,741	5.9	7.8	9.2	20,644	18,877	17,244
Kodiak Island Borough	7,995	7,317	6,675	253	237	207	3.2	3.2	3.1	7,742	7,080	6,468
Valdez-Cordova	5,350	4,973	4,599	154	223	259	2.9	4.5	5.6	5,196	4,750	4,340
Interior Region	35,218	35,176	35,613	2,824	3,268	3,703	8.0	9.3	10.4	32,394	31,908	31,910
Fairbanks North Star Bor.	20,399	30,251	30,773	2,345	2,618	3,138	7.7	8.7	10.2	28,054	27,633	27,635
Southeast Fairbanks	1,964	1,967	2,008	139	169	210	7.1	8.6	10.5	1,825	1,798	1,798
Yukon-Koyukuk	2,855	2,958	2,832	340	481	355	11.9	16.3	12.5	2,515	2,477	2,477
Northern Region	8,047	8,273	7,945	805	887	871	10.0	10.7	11.0	7,242	7,386	7,074
Nome	3,116	3,237	3,007	416	483	369	13.4	14.9	12.3	2,700	2,754	2,638
North Slope Borough	2,865	2,927	2,818	163	171	179	5.7	5.8	6.4	2,702	2,756	2,639
Northwest Arctic Borough	2,066	2,109	2,120	226	233	323	10.9	11.0	15.2	1,840	1,876	1,797
Southeast Region	36,491	35,636	35,488	2,357	2,430	1,869	6.5	6.8	5.3	34,134	33,206	33,619
Haines Borough	910	886	873	74	72	49	8.1	8.1	5.6	836	814	824
Juneau Borough	16,482	16,062	16,103	885	889	742	5.4	5.5	4.6	15,597	15,173	15,361
Ketchikan Gateway Bor.	6,732	6,561	6,519	482	481	363	7.2	7.3	5.6	6,250	6,080	6,156
Pr. of Wales-Outer Ketch.	2,821	2,802	2,715	295	345	227	10.5	12.3	8.4	2,526	2,457	2,488
Sitka Borough	4,329	4,181	4,228	248	211	209	5.7	5.0	4.9	4,081	3,970	4,019
Skagway-Yakutat-Angoon	1,647	1,651	1,637	133	179	146	8.1	10.8	8.9	1,514	1,472	1,491
Wrangell-Petersburg	3,570	3,493	3,413	240	253	133	6.7	7.2	3.9	3,330	3,240	3,280
Southwest Region	13,550	12,689	13,614	692	858	992	5.1	6.8	7.3	12,858	11,831	12,622
Aleutian Islands	3,738	3,463	3,747	52	71	128	1.4	2.1	3.4	3,686	3,392	3,619
Bethel	5,211	4,911	5,234	372	459	484	7.1	9.3	9.2	4,839	4,452	4,750
Bristol Bay Borough	483	460	501	6	21	33	1.2	4.6	6.6	477	439	468
Dillingham	2,363	2,220	2,349	64	105	93	2.7	4.7	4.0	2,299	2,115	2,256
Wade Hampton	1,755	1,635	1,783	198	202	254	11.3	12.4	14.2	1,557	1,433	1,529

Notes: p/ denotes preliminary estimates   r/ denotes revised estimates   Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions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